

UK education One bureaucracy replaces another



Yugoslav refugees UN chief outlines the options





NEWSPAPER of THE YEAR

INANCIAL

Wednesday July 29 1992

EUROPE'S BUSINESS NEWSPAPER

Germany renews call for quota system to share burden of support

D8523A

Allied-Lyons and Carlsberg press on with merger

Allied-Lyons and Carlsberg indicated that the 2510m (\$983m) merger of their UK brewing operations would go ahead after modifications to meet the demands of the Monopolies and Mergers Commission. The MMC has outlined several stipulations before the deal between the UK drinks, food and retailing group and the Danish brewer can proceed. Page 15; Lex. Page 14

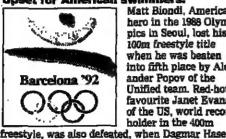
Vote of confidence: Italy's month-old government is to put its emergency economic package to a vote of confidence in the Chamber of Deputies today. Defeat could mean the fall of the four-party coalition. Page 2

Allianz shares fell by 3 per cent when the German insurance group reported flat net profits for last year and the first-ever loss on its mainstream underwriting business. Page 15

Wall Street: The Dow Jones index ended 51.87 ahead at 3,334.07 - up 1.6 per cent - largely thanks to an unexpectedly strong second-quarter earnings report from Chrysler and a sharp advance in the bond market. World stocks, Page 36; Chrysler results, Page 15

Somalia airlift: The UN Security Council has approved an emergency relief airlift for millions of starving Somalis cut off by civil war from food and medicine. Harsh dilemma, Page 3

Upset for American swimmers



Matt Biondi, America's hero in the 1988 Olympics in Seoul, lost his 100m freestyle title when he was beaten into fifth place by Alexander Popov of the Unified team. Red-hot favourite Janet Evans of the US, world record holder in the 400m

of Germany made up a near one-second deficit in the final 50m to push the American into silver medal position. Meanwhile. Barcelona was sweltering in a heatwave, with pollution levels soaring. Olympic coverage, Page 8

German economy: Engineers, retailers and economists warned that the expected recovery would be delayed, placing most of the blame on the Bundesbank's high interest rates policy. Page 1-

EC Vat deak John Major, UK prime minister. vigorously defended Britain's agreement to an C minimum rate of value added tax against charges from within his own party that the de undermined Britain's sovereignty. Page 14; Interim agreement, Page 2; Editorial comment, Page 12

is expected to unveil next month his recovery strategy aimed at refocusing the group on its profitable core military aircraft and Alrbus activities. Page 15; Lex, Page 14 Bush defends trade pact: President Bush defended the planned North American free trade

British Aerospace chairman John Cahill

agreement between the US, Canada and Mexico. saying he would not "back down" in face of public or Democratic party opposition. Page 4

Tenneco, Houston-based conglomerate in the throes of restructuring, reported a sharp improve-ment in second-quarter profitability. Page 16

Fraud trial criticised: Britain's Blue Arrow fraud trial was a "costly disaster" for which both the trial judge and the Serious Fraud Office were responsible, according to the appeal court. Page 14

EC to take syndicated loan: The EC is to tap the international syndicated loans market with a three-year Ecu500m (\$675m) facility to pay for agricultural and medical imports by the former Soviet republics. Page 17

Kuwait crackdown: Kuwait's National Council endorsed a controversial law giving police wide powers to search for illegal weapons hoarded since the Iraqi invasion of 1990.

Wharf Holdings, Hong Kong-based in a multi-billion-dollar project to transform the central Chinese city of Wuhan, largely through a containerisation centre. Page 4

Renault and Peugeot, French carmakers, opment of electric cars. Page 17

The debt decade: Ten years ago, Latin America precipitated an international debt crisis that threatened the stability of the industrialised world. Tomorrow, a Financial Times special report examines the aftermath and the lessons.

STOCK MARKET INDI	CES	= STE	RUN	3
FT-SE 1002,373.4	(+25.4)	Mon Yo	rk	
Yield5.15		5	1.931	(7.919)
FT-SE Eurotrack 1001,058.39	(+1.40)	London		
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FT-A World Index136,02	(+1 0%)	DM	2.8425	(same)
Milker 15,426.64	(+53.30)	FFr .	9.605	(9.5925)
New York:		SFr	2.515	(same)
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■ Gold	,	Y	127.6	(127.7)
		5 Index	90.3	(60.5)
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London\$356.45	(358.0) 1	seudo es	03e Y 72	7.30

FINANCIAL TIMES © FT No 31,822 Week No 31 P

Sanctuary plea to UN

for refugee Yugoslavs

By Frances Williams and Robert Mauthner in Geneva and Overtin Peel in Bonn

THE 31 countries attending a United Nations conference in Geneva on refugees from the former Yugoslavia will be urged today to offer "temporary protection" to those fleeing to neighbouring states.

Refugees needed to be given temporary refuge and ought not to be put through the normal political asylum interrogation procedure, Mrs Sadako Ogata, high commissioner for refugees, said in an interview with the Financial Times yesterday.

"What the refugees want is temporarily to be taken into a safe area. There may be people who are seeking permanent asylum, but what we are asking for is for the countries to give them authorisation for a temporary

Mrs Ogata was unenthusiastic about proposals that countries should agree to a refugee quota system. She said a quota system never offered protection to any-

thing like the number of people who were seeking it. "If you end up taking 100,000, what happens to the rest of the people?" However, Germany was continuing to urge other EC states yesterday to agree on refugee quotas, in order to share the burden of supporting

Mr Klaus Kinkel, the German foreign minister, said in a radio interview that every effort had to be made to house refugees in more countries across Europe, not simply in those geographically closest to the fighting.

those trying to flee the fighting.

"We must now try to share out this burden," he said. "It cannot be right that we take in 200,000 refugees, and other EC countries have practically nobody. In addition to aiding those

forced to leave their homes, the United Nations High Commission for Refugees is trying to get relief supplies to more than \$50,000 peoole in Sarajevo and three other Bosnian towns - Bihac, Tuzia and Gorazde - under siege by Serbian irregulars.

UN officials are hoping that EC wrangling over burden-sharing



A US Navy Intruder aircraft prepares for a training flight from the deck of the carrier Saratoga which is in the Adriatic to enforce the UN embargo on Serbia and Montenegro

will not detract from the main aims of the one-day conference, to be attended by ministers and top officials. These are to mobilise international support for the humanitarian effort and prod governments towards finding a

esting political settlement. Mrs Ogata also expressed scepticism over proposals for Kurd-

ish-style enclaves within the former Yugoslavia. Siting enclaves outside safe parts of the region, for instance in Bosnia-Hercegovina, would pose serious prob-lems in ensuring refugee safety.

The UNHCR will argue that the main need is to protect and assist refugees within the region. "Most refugees don't want to go far

away from their homes," Ms Sylvana Foa of UNHCR said. Of the estimated 2.3m people who have fled their homes since the conflict began last year, almost 1.9m remain within the borders of the former Yugoslavia

Ogata hoists UN flag, Page 2 Peace hopes fade, Page 2

\$2.5bn bid by former **KIO** head in Spain

By Peter Bruce in Madrid

MR Javier de la Rosa, the Catalan financier who was an investment partner with the Kuwait Investment Office in Spain for six years until last month, has offered to create a consortium to buy Grupo Torras the holding company for the KIO's vast property and indus-trial empire in Spain, for \$2.5bn. A provisional offer was made

to the Kuwaiti finance minister, Mr Nasser al-Rawdan, nearly two weeks ago, bypassing the KIO in London, whose relations with Mr De la Rosa have become increasingly strained in the last six

Mr De la Rosa could not be reached for comment yesterday. The offer, the details of which were given to the FT in London. requires an informal response this week. Mr Ali Rashaid al-Bader, the president of the KIO, declined to say if he was considering it.

He is on holiday in France. The bid is a direct challenge to the new management of the KIO, which, since taking office in May. has indirectly accused him and former KIO leaders of mismanaging Kuwait's assets in Spain. It also coincides with growing evidence that the KIO wants to sell most, if not all, of its Spanish portfolio.

The offer creates a dilemma for the KiO, already the focus of a power struggle among the Kuwaiti governing elite ahead of elections promised for October. If it does not accept, it may tackly concede that Torras is worth more than \$2.5bn and thus risk supporting the view of former managers that the Spanish assets

are fundamentally sound. Since the mid-1980s, the KIO has spent \$3.7bn (£1.93bn) buying Spanish companies and creating its biggest chemicals, foods and paper groups, and one of its most dynamic property developers.

But the KIO assets have been shaken by the collapse of the chemicais division, Ercros. It filed for protection from creditors earlier this month owing more than \$2bn after KIO refused to inject fresh capital into its troubled fertiliser operations. Banks are calling loans in early from other Torras affiliates, and stock

Continued on Page 14

Future disputes with Iraq likely, says U

By George Graham

FUTURE confrontations with Iraq's president Saddam Hussei are almost certain, US administration and congressional leaders said yesterday, even though ilate military action is no longer likely after the return of a United Nations inspection team

"I think it's pretty predictable that it's going to happen. We just don't know when it's going to happen," said Senator Robert Dole, Republican leader in the Senate, after a meeting with President George Bush yesterday. Democratic congressional leaders, who also attended yesterday

morning's White House meeting. promised full support for the president in any future confron-

The US has been preparing for a future showdown by shifting its focus away from the latest dispute over UN access to the Baghdad agriculture ministry, and towards the issue of Mr Saddam's attacks on the Shia population in southern Iraq.

US officials are reported to have urged the Security Council to test the degree to which Mr Saddam is now willing to offer full access to UN inspectors by speeding up planned inspections. Meanwhile, Mr James Baker, the secretary of state, is due to meet Iraqi opposition leaders in Washington this week in the administration's most overt show of support for anti-Saddam groups.

Administration officials have also emphasised the plight of the Iraqi population, especially in the southern marshes. They say Mr Saddam's forces have been razing villages, damming waterways which feed the marshes, and may have used biological and chemical toxins to poison the water.

The State Department has explicitly warned that Iraqi aircraft attacking the Shia population are violating the ceasefire

terms Mr Saddam accepted to end the Gulf war last year. These aircraft would offer a

tempting target for military action against the Baghdad regime, in part because the administration would be able to claim concrete results by stopping the bombardment of the hia population. While air strikes might well hit

other targets, such as weapons factories or electrical plants, Mr Saddam could still shrug off the effects and continue, in effect, to thumb his nose at the allies. The threat of force intensified.

on Monday after reports that the Pentagon had sent additional Patriot anti-missile missiles to Kuwait and ordered an extra aircraft carrier to be ready to sail But Mr Dick Cheney, the US

defence secretary, said yesterday. "I sense people are ratcheting this up more than it deserves. think we'll have to wait and see." For Mr Bush, his policy

both sides; he remains vulnerable to charges that his administration was unnecessarily cosy with Mr Saddam before the invasion of Kuwait in 1990, and also to popular, if arguably unjust perceptions that he failed to finish the job by following up Desert Storm with a march on Baghdad. Failure to act carries the risk

towards Iraq carries risks on

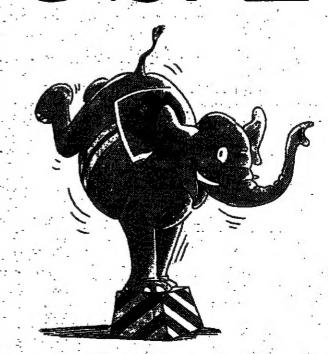
of appearing impotent in the face of the man Mr Bush calls "the Baghdad bully". Mr Bush's military advisers have repeatedly warned him, however, that they cannot guarantee Mr Saddam's

removal without deploying a land force much larger even than that gathered for Desert Storm — an option which is neither domestically nor internationally feasible. Mr. Bush yesterday won the assurance of congressional lead-ers that they would back him in any showdown with Baghdad.

nor Bill Clinton, has also offered full support. But that is unlikely to immunise Bush from criticism if Mr Saddam is as successful in future showdowns.

and his Democratic opponent in

the presidential election. Gover-



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Tokyo warns that domestic recovery will be 'modest'

By Robert Thomson in Tokyo

STRONGER EXPORT demand caused Japanese industrial production to rise 2.1 per cent in June, compared with a month earlier, but the Ministry of Inter-national Trade and Industry said there was no sign of domestic economic recovery.

Meanwhile, the Economic Planning Agency released an annual white paper on the economy in which it predicted that a recovery was likely late this year or early next year, but warned that the upturn would be "modest". The EPA is officially forecast-

ing 3.5 per cent economic growth for the year to end March 1993, but has unofficially accepted that this is out of reach and that 2.5 per cent growth is more likely. Private forecasts suggest growth will be 2 per cent or less. In arguing that Japanese banks do not face a crisis in covering

problem loans estimated mod-estly at Y7,000bn (\$56bn) to Y8,000bn, the EPA admitted that

these bad loans may take several years in the medium-run" and, meanwhile, "profits may be somewhat depressed".

The EPA also released a monthly report in which it said personal consumption growth was slowing, contradicting the white paper in which it said consumption would remain steady, if not expand. The agency noted that the inventory to sales index in May stood at 110.3, the highest level since 1975.

Miti said the seasonally adjusted production index in June for the mining and manufacturing sectors was at 120.9. compared to a 1985 base of 100, while the shipment index rose 1.9 per cent to 123.3 and the inventory index increased 0.8 per cent

Confirmation that Japanese manufacturers are increasing their exports to compensate for a slow domestic market came from the Japan Foreign Trade Council, which said the 19 largest trading

"it is likely that the settlement of houses reported a 26.2 per cent increase in June export contracts, compared to a year ear-The surge in export contracts

suggests that Japan's trade sur-plus, a record \$48bm in the first half, will continue to expand. creating further friction in rela-tions with the US and the Euro-Meanwhile, Japanese govern-ment officials were relieved that

Tokyo stock prices rose slightly yesterday. Mr Tsutomu Hata, finance minister, said a supplementary budget due to be finalised next month should be enough to turn the market round. However, Mr Michio Watanabe,

deputy prime minister, said com-panies should be allowed to buy their own shares to bolster Tokyo prices. As a means of supporting the ailing property market, he suggested local governments should increase their land purchases and land taxes be cut.

Nikkei rally, Back Page Section II

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inti. Cap Alkto

LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO

NEWS: EUROPE

staff in Yugoslavia as a whole

- the fact that they have

moved around has, in certain

instances, prevented expul-

sions. An enhanced activity of

that sort is very fragile, but

nevertheless something of a

Mrs Ogata admits that the

crisis in Yugoslavia is going to

cost "an enormous amount of money". But she does not

think there is a funding crisis. Part of the money needed will be provided through contribu-

tions to the UNHCR, via the

UN system. But a substantial proportion of the requirements

would have to be supplied

through bilateral arrange-

ments between governments

'This is more of

an emergency

conference to

about what is

happening'

alert the world

and the refugee organisation. The High Commissioner jus-

tified her sanguine view of

funding by pointing to last

year's Kurdish crisis. "We

appealed and we were almost fully funded. We received and

spent some \$220m for bringing

back and providing winter

accommodation for 1.7m

Since the UNHCR's latest

appeal in May, the organisa-tion has already received a lit-

tle more than \$107m out of an

estimated requirement for

\$142m. A good part of the

amount received - \$70m

- came from the European

Community. "It shows that the

issues are European. Europe

has to take the initiative in

this. It took a little while, but

Mrs Ogata hoped today's

conference would lead to the

setting up of a good system of

assessing the needs arising our of the Yugoslav refugee crisis

as well as an examination of

possible solutions such as the

proposals for refugee quotas

assessment mission to the

region and she hopes govern-

ments attending today's meet-

ing will join this project. "In

three to four weeks we should

be able to come up with a

pretty good paper on what the

needs are, while we carry on

day-to-day operations. I hope

that we might even be able to

come up with some kind of pro-posal for a solution of the refu-

gee crisis in that time span."

hope. There can be no assur

But ever realistically cautious, she adds: "That's my

it is coming now."

and "safe havens".

safe area infrastructure.

Amato puts reform plan to the vote

By Robert Graham in Rome

ITALY'S month-old government is to put its emergency economic package and structural reform programme to a vote of confidence.

Mr Giuliano Amato's four-party government, backed by the Christian Democrats, Socialists, Social Democrats and Liberals, could fall if its 16-seat majority is whittled away by desertions. However, last night ministers appeared confident they would win

approval.
The Chamber of Deputies will vote today and the Senate

The vote of confidence has always been on the cards, but Mr Amato decided to resort to this device both to emphasise the urgency of the measures and to avoid lengthy filibustering by opposition deputies. It was disclosed yesterday that 651 amendments and changes had been tabled.

Mr Giovanni Goria, finance minister, yesterday told parlia-ment: "This is a financial package which must be put behind us as soon as possible because the problems we have ahead of

us are even more serious." The package is seeking to raise an extra L30,000bn (£13.67bn) in revenues and spending cuts in order to contain the budget deficit to L150,000bn, equivalent to nearly 11 per cent of gross

are outline proposals for priva-tisation. The reform of pen-sions, public health and local

a shake-up of the civil service, will be debated separately. Parliament is being asked to approve these latter measures then permit the government to work out details on its own. The government insists speed is essential because it

government finance, as well as

has to prepare the 1993 budget in September. Uncertainties about the state of the current year's budget would make this exercise impossible. Equally, if the government were to fail to obtain a vote of confidence, the government would fall precipitating early elections - a prospect no party relishes. Also yesterday, Mr Piero

Barucci, treasury minister, announced to parliament that the government would revalue the assets of IRI, the main state holding company which has just been converted into a joint stock company. IRI currently has a temporary capital of L1,873bn which represented its previous endowment fund, against debts of more than L60,000bn. Revaluation of its assets would enable it to comply with legislation on the ratio of debts to capital.

"We will revalue the subsidiaries of IRL" he said, "and we will reassure creditors, national and foreign, on the nature of the joint stock comomestic product.

Also as part of the package in the hands of the Treasury."

Turkey braced for summer of discontent

By John Murray Brown

TURKEY'S 40,000 municipal standstill in the first test of the fragile consensus between labour unions and the coalition government.

With wage negotiations deadlocked for 100,000 workers in public sector enterprises, and civil servants protesting against their pay award, Turkey is braced for a summer of industrial unrest.

Labour unrest could prove a stumbling block to the twoparty coalition's pledge to lift the restrictive union laws inherited after the 1980 mili-

tary coup.

The budget is already under pressure, and the cabinet appears divided whether to meet its promises or stick to its inflation targets and risk alienating a key political constituency for both the conservative True Path Party and the Social Democratic Populists.

Last weekend, Mrs Tansu Ciller, chief economics minister, revived her plan for wage indexation, linking wage increases to the inflation rate, which is running at 70 per cent. Union leaders quickly rejected the plan. "She's trying to put a freeze on wages," says Mr Sevket Yilmaz, head of Turk-is, the main union con-

federation. Mrs Ciller criticised the recent award to civil servants. a 30 per cent increase over six

months which is estimated to add a third to the govern-ment's budget deficit. The recent award for the 500,000 civil servants is estimated to tional TL9.000bn (\$1.3bn), compared with a targeted budget deficit of TL32,000bn. Agricultural workers were awarded an 86 per cent wage rise. It is unclear how the government proposes to finance the

increase. The unions' case is that wages fell badly behind during the 1980s. The average daily wage is around \$3 in state industries. Unions are trying to extend the social security net

to compensate for low wages. Mr Yilmaz says he has the support of Mr Mehmet Mogultay, the SHP labour minister,

who has proposed a job security bill requiring an employer to seek court approval before he can make people redundant. This could disrupt the government's privatisation programme. Turkey plans to raise TL5,500bn through sales of state assets in 1992. Bids were submitted last week for 11 state cement companies, a sale

expected to raise \$350-\$400m. Freedom to restructure the labour force is an important incentive for the many foreign concerns showing interest in Turkey's state asset sales. Overmanning is seen as the main reason for the losses of the 220 state enterprises, which in 1991 came to an estimated

The conference on Yugoslav refugee crisis opens today in Geneva



Mrs Sadako Ogata, United Nations High Commissioner for Refugees: "I would hope that the magnitude of the humanitarian solutions and some information on the implication of what is happening might provide governments with the urgent

Refugee crisis



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nited Kingdom Propean Commi		\$2,157,088 \$71,464,939	Total	600,172	1,290,551	1,890,723
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Milosevic tightens his grip

THE Serbian government is trying to push through a package of laws to tighten President Siobodan Milosevic's grip on the republic.

The Socialist-controlled parliament yesterday debated a public order bill, one of many written in secret and proposed to be passed "argently". Opposition deputies say under this law a Serbian cirizen could be sentenced to 20 days in prison for arguing in public. The other laws aimed at clamping down on opposition range from the government's planned

takeover of Politika, the Belgrade daily, to a ban on rallies. In a tactical manoeuvre to head off more unrest, the government said it would amend its proposal to seize control of Politika. Several prominent Socialists have joined opposition deputies in protest. Some 4,000 of the company's workers have also threatened to strike. An important element in Mr Milosevic's rise to power in 1987, Politika has become more independent in recent months. The government has also

proposed a law which would

give it effective control over the universities. After most

professors and rectors joined student protests in Belgrade earlier this month, the government now claims the right to appoint all university deans and rectors.

Mr Vuk Draskovic, leader of the opposition Serbian Renewal Movement, told journalists the laws were a government attempt to take revence for mass public protests earlier this summer. Opposition in Serbia has

mounted after the UN imposed sanctions against Yugoslavia, consisting only of Serbia and Montenegro, for backing Serb

Temporary retreats advanced by Ogata have very many peo-ple - about 60 including local

By Robert Mauthner and Frances Williams in Geneva

MRS SADAKO OGATA, United Nations High Commissioner for Refugees, will today preside over one of the most important conferences in a life largely devoted to the promotion of

The aim of the conference, to be attended by 31 nations, is to tackle the problem of the rapidly growing number of refu-gees from the former Yugo-slavia, now totalling nearly 3.2m including those trapped

At a time when the military situation on the ground is daily making their situation worse and many neighbouring countries are already claiming they are saturated with Bosnian refugees, Mrs Ogata, a 64-year-old Japanese professor of international relations who has held her current post for less than two years, is the first to

admit the task is momentous. She is nothing if not realistic. No, Mrs Ogata is not proposing any specific solutions to the refugee crisis. "In general, when you call a conference you spend several months or even a year to pre-

"So this is more of an emergency conference to alert the world about what is happening. What I am proposing is not a solution, but a follow-up mechanism to assess needs and

how to deal with them."

Stressing that neither funds nor emergency supplies could provide a long-term solution to the refugee crisis in the former Yugoslavia, the High Commissioner says it is up to the par-ticipating governments to find political solutions. "I would hope that the magnitude of the humanitarian solutions and some information on the implication of what is happening might provide governments with the urgent desire to over-

come the problem." Mrs Ogata is decidedly unenthusiastic about proposals that countries should agree to a refugee quota system to answer the complaints of those, like Germany, who have criticised their European Community partners for not accepting their fair share of Yugoslav, and particularly Bosnian refugees.
The view of the UNHCR, the

organisation which she directs. is that those fleeing the region to "adjacent countries", such as Austria and Hungary, should be offered "temporary protection" by the host country, instead of being put through the normal political asylum interrogation procedure. "What the refugees want is to be taken into a safe area temporarily. There may be people who are seeking permanent sylum, but what we are asking for is for the countries to give them authorisation for a

This, Mrs Ogata points out, is completely different from a quota system, which never offers protection to anything like the number of people who are seeking it. "If you and up taking 100,000, what happens to the rest of the people?"

Though recognising fully that most refugees want to remain either in their own country or somewhere close to home, Mrs Ogata is sceptical about the feasibility of creating "safe havens" on the Iraqi Kurdish model. That would be complicated in a country where the ethnic communities might encourage, rather than prevent, the widely criticised "ethnic cleansing" process employed by the Bosnian

Moreover, who would protect the safe areas? Already overstretched, the UN would end up having to expand its peacekeeping forces even more.

"I would hope that the increased presence of international humanitarian workers like our own would be one way of ensuring a certain safety [for the population in a region]. In the past, though we do not

Hopes of breakthrough

HOPES for a breakthrough in Bosnian peace talks in London were fading yesterday, diplomats said, as Bosnia's foreign minis-

ter declared he would not negotiate while the streets of his republic were littered with unburied corpses, Reuter reports.

Mr Haris Silajdzic, a Moslem, also effectively rejected the

latest EC peace plan, saying the proposed division of the republic would produce ethnic splits "drawn in blood".

EC negotiator Jose Cutileiro was canvassing views at separate meetings with Bosnia's three factions about a constitutional blueprint splitting the republic which is acceptable to Serbs and Croats but not to Meelers Attendants the meetings with the series of the series and croats but not to Meelers Attendants.

Croats but not to Moslems. After meeting the mediator, Bosma's Serbian leader Radovan Karadzic backed the initiative, accused

Moslems of breaking a ceasefire and called for face to-face talks

a formula which includes a tribunal to monitor human rights

but the Moslems reject at any carve-up.

VAT rates in the EC

Mr Cutileiro, chairing the second day of talks, has put together

fade at London talks

NEWS IN BRIEF

Danes to make EC proposals in autumn

DENMARK is to offer this autumn its solution to the crisis in the European Community resulting from its failure to ratify the Maastricht treaty on European union, Prime Minister Poul Schlüter said yesterday, Reuter reports from

Copenhagen.
"We shall work for a new basis for the Maastricht treaty so that Denmark can sign the European co-operation pact," he said after a meeting of parliament's EC committee.

Mr Schlüter, a conservative leading a minority two-party coalition, said the governm would publish a white paper on Denmark's future role in the EC shortly after the French referendum on Maastricht on September 20.

It would serve as the basis for a proposal to the British presidency of the EC Council of Ministers in October or November, he said.

if Denmark reached an agreement with the EC. Mr Schlüter said, it might then be possible to hold a new Danish referendum.

EC monetary union, defence and European citizenship were controversial Issues in the Danish referendum campaign.

Brittan move over 'aid' to ABB

Sir Leon Brittan, the EC competition commissioner, is to recommend that Asea Brown Boveri (ABB), the engineering company, should repay Pta35.9bn (\$374m) in illegal state aid to the Spanish gov ernment, write Andrew Hill and Reuter in Brussels.

Sir Leon will put his proposal to fellow commissioners on Friday. Commission officials said the case was so sensitive they could not predict the

A bitter court battle with ABB - which denies it received the aid - and possibly also with Madrid, appears cer-tain to follow any repayment order. ABB was "screaming blue murder" about the threat said one official.

The Commission claims the aid was granted in the form of authorities of debts owed to them by an ailing electrical capital goods group known as CCC when ABB took it over in July 1990, sources said.

.They added that Sir Leon was also proposing that ABB should be made to repay Ptal 99bn which it allegedly received from the Madrid government to help cover the cost of making 1,660 employees of the CCC group redundant after

Athens transport strike extended

Public transport workers in Athens yesterday extended their strike for at least a week and other unions decided to join them in solidarity, agencies report. About 5,000 workers at the

state bus company marched through central Athens to the Labour Ministry to protest against 1,200 job losses. The transport ministry used hundreds of army trucks to

help the city's commuters but taxis were almost impossible to find and traffic chaotic.

In Brussels, the European Commission dropped its inquiry into allegations that foreign companies were being frozen out of Greek public works contracts after the authorities promised to drop discriminatory prac-

July comes second with 28.6: per cent.

EC members prove out of tune on VAT harmony Numerous disputes could yet derail five years of talks on bringing indirect tax rates into line, writes Andrew Hill

have had a reprieve, angostura bitters are safe and the black beer drinkers of Yorkshire can sleep easily in their beds.

They would be among the myriad beneficiaries of Monday's provisional EC agreement on indirect taxation. which would impose a legallybinding minimum standard rate of value added tax across the Community.

A standard VAT rate - 15 per cent for four years from January 1993 - is the simplest and most prominent of the measures as the agreement is hedged with a series of exemptions and delays, some so tiny

as to appear absurd. Ouzo, for example, would be allowed to retain a reduced VAT rate. Such exemptions are the most obvious symptom of the political wheeling and dealing which has been a feature of indirect tax discussions over the last five years. The horsetrading is not over. Member

a number of disputes, any one of which could derail the entire As always in Community

affairs, the idea was simple at the outset - to encourage members to harmonise their indirect tax rates as a pre-condition for removing frontler controls on January 1, 1983.

The European Commission figured that if VAT and duties were not brought broadly into line, member governments might maintain controls to prevent shoppers taking advantage of lower rates in neighbouring countries.

In 1987, Lord Cockfield, then internal market commissioner. proposed two rates - a standard rate of 14 to 20 per cent and a lower rate of four to nine per cent. Six categories of goods, including food, water and books, would be eligible for the lower rate.

Indirect tax purists insisted the simplest system would be the best system. Federalists

UZO manufacturers states are still trying to resolve within the Commission saw it as a chance to extend central executive powers over national fiscal sovereignty - one of EC governments' most jealously guarded rights. Five years on, the provi-

sional agreement would feature a minimum rate within the Commission range, but no maximum and a series of reduced (5 to 15 per cent). "super-reduced" (1 to 4 per cent) and zero rates - applied to 17 categories of goods. In fact, the purists and feder-

alists were always bound to compromise because Commission proposals on fiscal matters, however trivial, have to be approved unanimously. While that condition remains, it will be difficult to argue that "Brussels" has real power over national fiscal policy.

That is one reason why the provisional agreement leaves the existing system of VAT rates and excise duty in Europe almost unchanged. Many member states had acted

or promised to act on a nonbinding rates agreement

reached in June 1991. As a result, ministers have been able to set in stone what had already been achieved. Only Germany and Spain will have to raise standard VAT rates, as they had promised; a handful of countries, including Spain, Italy and the Netherlands, will have to increase the price of cigarettes to meet the new barmonised 57 per cent duty; no country will be forced to change its duty on spirits. Much still remains to be

done. Agreement on another VAT directive, which would cover second-hand cars and artworks among other items, has been separated out from the eight-directive package, as has an accord on the rating of gold. Both will involve long and difficult negotiations.

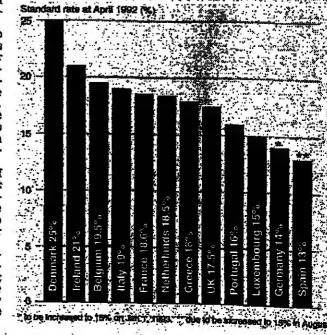
EC companies, meanwhile, are less concerned about the political agreement on rates, than about the earlier, almost unnoticed accord on a transi-

tional system for the collection of VAT, which would last from 1993 to 1997. They say it will greatly add to the administrative burden on businesses.

The priority, however, is to achieve formal unanimous approval of Monday's deal. Mr Norman Lamont, the UK chancellor who presided over Monday's meeting, described the package as a "house of cards". Ironically, until recently, he was thought most likely to bring it tumbling down with British objections to a legallybinding rate.

But the UK's acceptance of that principle now means that other member states, in particular France, could hold the British presidency of the EC to ransom over their particular CONCETUS.

Ministers have given themselves until midnight tomorrow to find a solution allowing all eight directives to be approved unanimously. Only then will the ouzo-makers be able to relax.



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Mandela strikes conciliatory note on government talks

By Philip Gawith in Johannesburg

Josak

move or

4BB

MR Nelson Mandela, the African National Congress leader, yesterday toned down the stridency of recent ANC statements but repeated that Speaking on his return from a it would not return to constitutional visit to the Olympic games in Barcenegotiations until the government long, a trip to the Middle East and

met its demands.

These include a curb on political

conciliatory tone, Mr Mandela said the ANC was "keen" that negotiations should resume, but this could only happen when their demands were addressed.

last week's special United Nations debate on South Africa, Mr Mandela. violence, an unambiguous commit-ment to majority rule and an called by the ANC and its trade interim government of national union ally, the Congress of South unity.

African Trade Unions (Cosatu), as In an appearance notable for its part of their mass action campaign,

He stressed that every effort would be made to keep it peaceful and said the ANC was taking precautions against "agents provocateurs" who might incite violence. He expressed the fear that attacks would come from worker

hostels in urban townships.

Mr Mandela sharply rebuked senior ANC and Cosatu officials who have said the purpose of mass action was to drive the government There is no question of the

object of mass action being insur-rection," he said. "The aim of mass action is the immediate transfer of dry up. political power to the people of South Africa." This would take the form of an interim government of national unity and free and fair elections to a constitution-making body. He defended mass action as a channel to prevent voteless angry people from resorting to violence.

Mr Mandela also distanced the ANC from calls by civic associations for a black boycott of mort-gage repayments. He stressed the

• South Africa's police need a "massive purge" after allegations that they regularly beat prisoners to death, the Archbishop of Capetown, Desmond Tutu, said yester-day, Reuter reports from London. South African pathologist Mr Jonathan Gluckman said at the weekend police were to blame for about 90 per cent of the 200 deaths in detention he had investigated.

to discuss

today for talks on the growing problem of African immi-

He is the second Spanish

minister to travel to Morocco in less than a week to discuss the sharp increase in Africans

using Morocco as a staging

post for illegal entry into

Europe. Mr Solana's trip follows a

Spanish decision to take back

72 Africans expelled from the Spanish-held enclave of Melilla

on Morocco's Mediterranean

coast and refused entry by

The refugees spent

two weeks camping in no-

man's land between the

enclave and the Moroccan

The decision, described as a

humanitarian gesture by Spain, followed a fruitless attempt by Madrid's interior

minister at the weekend to

persuade Morocco to accept

Under an existing agree-ment, the Rabat government will take back its own nation-

als expelled from Spain but

not illegal emigrants from

other countries unless police

can prove that they attempted

A group of 50 people

recently arrested after landing

in a fishing boat in southern Spain included Nigerians, Senegalese, Ethio-pians, several who had

destroyed their personal docu-ments and refused to reveal

their nationality, and only

illegal immigrants, the major-

ity Moroccans, have been

entry from Morocco.

seven Moroccans.

Morocco.

Bishop Tutu, arriving in London from Johannesburg for a six-day private visit, described Mr Gluck-

man as "exceedingly courageous".
"These are some of the things we have always suspected," Arch-bishop Tutu told reporters at London's Heathrow airport. Blacks had little confidence in police. "We need a massive purge and that is why we need a professional, neutral, apolitical police force," he said.

Mandela, right: ANC 'keen' for



UN's harsh dilemma in Somalia

Millions may die unless the UN deploys guards to protect relief convoys, writes Julian Ozanne

HE United Nations impossible to ease the security Security Council has approved an emergency relief airlift for millions of is difficult to distribute food in starving Somalis cut off by civil war from food and medi-

The Security Council resolu-tion, passed late on Monday, suggests that the UN might have to deploy at least 500 UN guards in Somalia without the agreement of the country's dissolute and obstructive warring factions in order to ensure the success of a long-term relief.

effort.

Both measures are vital to saving 4.5m hungry people and trying to bring some order to a country which has descended into a desperate spiral of anar-chy, looting, famine and self-destruction Aid workers in Mogadishu, the shell-blasted Somali capital, say at least a third of those in need of help are badly main our shed.

The UN resolution marks a turning point in a disaster which has so far received little attention from an international. community obsessed by Yugo-slavia. Efforts by the UN, Red distribute food have become

have to be undertaken before Mogadishu's international airfood shipments are distributed to the various fieldoms they control. Each shipment has to. be accompanied by scores of ragtag gunmen in macabre 'Mad-Max" vehicles employed by aid agencies. But, in a starving country where almost everybody, even six year-olds, carry machine guns, bazookas and rocket-propelled grenades. food convoys are often diverted

Aid workers say they are in a catch 22 situation. It is

the trigger-happy situation. Two weeks ago a UN food convey was machine-gunned outside UN headquarters in Mogadishu, and a guard was killed.

In such an appalling security situation UN officials in Mogadishu say it will be impossible to distribute sufficient food without the 500 UN guards. Gen Mohamed Farrar Aideed, the intransigent, power-hungry warlord who controls south Mogadishu, including the inter-national sirport and port, has thus far refused to allow the 500 UN guards into the rubblestrewn city. But talks were taking place yesterday between UN officials and Gan Aideed on the possible deployment of an international guard force.

A team of 50 blue-bereted military observers who arrived last week to monitor the shaky ceasefire have also yet to be deployed due to logistical problems and obstruction from Gen Aideed and Mr Ali Mahdi

port for relief flights, has failed to materialise. The UN is using a private dirt airstrip 50kms south of the city.

tory for Mr Boutros Boutros Ghali, UN secretary general, and his special representative in Somalia, Ambassador Mohamed Sahnoun. They pressed the Security Council for urgent action and implied that the world's failure to respond to Somalia's plight was rooted in racism.



VICTIM: A Somali refugee boy cooks porridge while waiting to cross into Kenya. Monday's UN decision marks a turning point in a largely-ignored disaster

Western support for UN mili-tary intervention now appears to be developing. On Monday the White House urged the UN to move quickly to deploy

Cross and other agencies to north of the city.

distribute food-bave become bogged down in the nightmare of Somalia's civil war.

Lengthy negotiations been negligible. Even limited between rival Somali warlords.

Mohamed who controls the ute generously to fund these efforts.

Furthermore support for the UN Senator Nancy Kassenbaum has also called for the UN force to be deployed urgently without waiting for between rival Somali warlords. However, according to Mr

David Bassiouni, UN co-ordinator for humanitarian assis tance to Somalia, military intervention without agreement between the two sides could be dangerous. "We might find ourselves trying to take over the country and fight our way through and then the humanitarian operation would become secondary," he said. The UN thus faces a dilemma. Easing the situation

is Mogadishu is critical to the

humanitarian effort because

the city must become the base for food distribution by road, the only really viable long-term means of getting food, medicine, seeds and tools across the country. Mogadishu has also become the home to hundreds of thousands of displaced people erriving in the city searching for food. Furthermore, resolving the war between Ali Mahdi and

Gen Aideed and the two subclans fighting in the city is a necessary first step to nationwide political reconciliation between the numerous armed factions and clans which control other parts of the country. However, negotiations between the two sides in Mogadishu are not making any headway in the face on entrenched positions, caused

and mutual mistrust. The cur-

rent ceasefire between the two

sides is observed more in the

However, the UN operation remains fragile and without the UN guards talk of evacuation is common. Rumours continue to sweep Mogadishu that the warring factions are stock-piling fuel, food and ammunition in preparation for another not by politics, religion or ethround of full-scale fighting.A nicity but by hunger for power fresh eruption would almost

breach. Although Mogadishu is quieter than it has been in the past 20 months, sporadic gunfire continues to echo throughout the city.

After months of inaction when medical and food relief to Somalia depended on valiant efforts by agencies such as the Red Cross, the UN has now established a substantial, if precarious, operation in Soma-lia. Their presence has so far helped to ease both the humanitarian and the security situa-

picked up by coastguards as they reached Spain across the 30-mile-wide Straits of Gibral-As many as 50 are estimated to have drowned as they attempted the crossing. Madrid has issued 60,000 work permits to Moroccans in Spain over the past 16 months certainly force the UN to leave and opened a soft credit line for Spanish companies invest-Mogadishu and that would spell disaster for millions. ing in Morocco.

Spain and **NEWS IN BRIEF** Morocco Israeli PM rules out

deeper homes cuts immigrants

ISRAEL will finish building at least 9,500 homes in Jewish settlements - or nearly all the units under construction, despite a pledge to cut back on settlement housing, according to new MR Javier Solana, the Spanish figures released yesterday, AP reports from Jerusalem
Construction on almost 5,000 homes has been cancelled and foreign minister, flies to Rabat, the Moroccan capital,

Prime Minister Yitzhak Rabin suggested deeper cuts were not possible because of legal and financial constraints. "We left a number of housing units in the territories, perhaps more than I would have wanted," he said. grants entering Spain through

The US has linked approval for \$10bn in loan guarantees to a settlement freeze. It had blocked the guarantees because of the accelerated building drive by Israel's previous right-wing govern-

Egypt dismisses torture claim

A senior Egyptian official, responding to allegations that Egyptian police tortured prisoners, said yesterday that a small number violated human rights but they were tried and jailed if found

guilty, Renter reports from Cairo.

Major-General Bahaeddin Ibrahim, assistant to Mohammed Abdel-Halim Moussa, interior minister, was responding to accusa-tions by the US-based Middle East Watch. It accused Egypt's State Security Investigation (SSI), which is part of the Interior

Ministry, of systematically torturing political detainees.

Gen Ibrahim said that some of Egypt's 100,000-strong police force were not wholly innocent. "But we have very limited cases where some policemen went beyond the law. They were put on trial," he said, adding that four police officers and about 11 police officers. policemen were in prison.

Iran steps up energy investment

Iran has increased investment in oil, gas and petrochemical industries this year by a quarter to 1.5 trillion (million million) rials — \$1bn at the floating exchange rate, Mr Gholamreza Aqazadeh, oil minister, said, Reuter reports from Nicosia.

In an interview quoted by Iran's IRNA news agency, Mr Aqaza-

deb said the oil ministry was drawing up extensive exploration plans to 1999, with priority given to border areas.

Lebanon rejects poll monitors

Lebanese Prime Minister Rashid al-Solh, in an interview published in Paris yesterday, rejected suggestions that international observers monitor forthcoming general elections in Lebanon, the first in 20 years, Reuter reports from Paris.

"The whole international press will be present and nowhere

more than Lebanon is it free to observe. All the embassies will also be busy," Mr Solb told Le Monde. He was answering questions on suggestions that monitors check the elections in August and September, as part of the polling is to be in areas held by Syrian troops.

So far this year about 500 Banda to review detention law

President Kamuzu Banda of Malawi bowed to international president sure yesterday by promising a review and possible relaxation of the law allowing detention without trial, diplomats said, AP

Mr Banda's announcement came two months after at least 23 people were killed in anti-government riots, the nation's worst urban unrest since independence from Britain in 1964. The riots were sparked in part by the detention of Mr Chakufwa Chihana. an anti-government activist who had been held several weeks without charges being filed. Western donors froze \$74m in aid in May to press for reforms. The president also said he would allow hundreds of Asians to appeal for the first time against the confiscation by the state of their businesses in the 1960s, accord-

South Korea finds solace in slowdown

Recent statistics indicate the heat is off the economy, writes John Burton in Seoul

OVERNMENT officials in Seoul bave greeted a recent raft of statistics with ostensible relief as they indicate the overheated economy is cooling down. The growth rate of gross.

national product during the first half of 1992 slowed to 7.3 per cent against 9.3 per cent a year ago, according to the Economic Planning Board (EPB); the main economic policy agency. Inflation was almost halved to 3.8 per cent from 6.2 per cent and the current account deficit shrank to \$4.1bn from \$5.5bn. The improvement is mainly

the result of a strict monetary policy which has reined in domestic demand, reduced trade deficit.

Massive public construction projects, which fueled inflationary pressure over the last three years, have also been curbed and spending on public construction next year will be frozen at this year's level. Moreover, the government

has achieved unexpected success in persuading trade unions to lower their pay demands. Wage growth could slow to around 10 per cent this year against the annual rate of 20 per cent over the past five

years.
The government is hoping that the good economic news will bolster the fortunes of the ruling Democratic Liberal tial elections where the economy is expected to be an issue.

But unfortunately for the government, attention has focused on negative consequences of its monetary policy. Bankruptcies jumped 66 per reaching a record high. The fig-ures include the failure of 18 listed companies, which undermined investor confidence and depressed the stock market.

Nonetheless, the government appears determined to curb money supply during the second half of the year and to implement an austerity programme, to include a review of defence spending despite the

growth in the broad M2 meaper cent against 18.6 per cent in 1991. This follows an averin the second half of the 1980s.

potential military threat from North Korea. The planning board has com-

mitted itself to limit this year's sure of money supply to 18.5 age growth rate of 19 per cent

The Bank of Korea, the country's central bank and a strong advocate of the tight monetary policy, recently stated that the government is progressing toward its target of a "triple seven" economy: a 7 per cent GNP growth rate, 7 per cent inflation and a \$7bn current

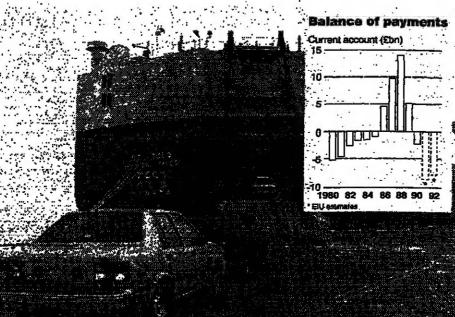
account deficit. The conservative bank predicts that the economy will grow 7.3 per cent against 8.4 per cent in 1991 and that inflation will slow to 8 per cent from 9.3 per cent last year. The current account deficit

is projected to shrink to \$6.7bn from \$8.7bn in 1991 as the trade deficit narrows to \$4.3bn. Exports will rise by 9 per cent,

seas markets and the deprecia-tion of the won. Imports are forecast to grow by 5.6 per cent, although rising oil prices remain a source of concern. Officials continue to claim that the economy will stabilise

of lower inflation and falling interest rates will accelerate liberalisation of the antiquated financial system, which is hampering performance by keeping interest rates high. The government has prom-

ised to implement financial liberalisation measures, including interest rate deregulation and the free flow of capital, once the economy improves. In one sign of increased confidence. Ministry of Finance



recently announced that some of these steps scheduled to

take effect after 1994 would be introduced ahead of schedule. Business leaders, including the Federation of Korean Industries, are warning that the economy is heading for a within two years. The prospect crash landing and are clamour ing for easier credit. Corporate bond rates are

almost 17 per cent, although they have gradually fallen in recent months. Small and medium-sized businesses have to pay even higher rates on the secondary market since they have difficulty in getting bank loans. The credit squeeze, combined with sluggish sales demand, is causing the wave of

bankruptcies. The government plans to adopt measures to funnel more credit to smaller companies to save them from bankruptcy. Banks will be required to direct 45 per cent of their lending volume to small concerns, an increase of 5 per cent. Moreover, the government will help guarantee loans made to small companies by short-term finance companies.

Meanwhile, steps to reduce loans to the country's industrial conglomerates are being taken. The government claims that borrowing by the conglomerates, or chaebol, are depriving the small business sector of capital. A freeze has been imposed on cross loan guarantees among chaebol sub-

Many securities analysts believe that the corporate sector is exaggerating the extent of its problems. They predict that earnings for most of the big business groups will increase next year as interest

The ScottishPower Shareholders Meeting 5.30am, Thursday 30 July, BBC1.

For a 30 minute edited version of the ScottishPower Shareholders Meeting, tune into BBC1, or set your video recorder for 5.30am this Thursday.



ScottishPower

UN begins inspection in Baghdad

By Mark Nicholson, Middle East Correspondent and Agencies

UNITED NATIONS weapons inspectors searched Raphdad's agriculture ministry for more than six hours yesterday after the weekend agreement to allow the UN access to the

"There's still work to be done," Mr Achim Biermann, the German leader of the inspection team, told reporters after his first tour of the building. "So we'll have to go back

As the inspection began, columns of demonstrators marched through the Iraqi capital, carrying anti-American and anti-UN banners but they were kept well away from the agriculture ministry. Mr Biermann and six other

UN experts entered the building just a few hours after arriving in Baghdad. Under the compromise agreement reached with Iraq, two American members of the UN

team stayed outside the build-A previous UN team was barred from the ministry for three weeks, sparking off a

tense confrontation between Iraq and the western powers. UN officials believed the agrihoused documents and other materials suspected to be linked to Iraq's chemical, nuclear and ballistic weapons

A UN official said inspection of the building might take another day or two. "So far the team have not had the chance to get all members together to put together all the many observations and the notes they have made in the build-

Mr Rolf Ekeus, head of the special commission into Irac's weapons of mass destruction, said earlier that much of what UN inspectors suspected had been hidden in the building might have been removed. The Iraqis have had time to move material out of the building, but we still feel it is very important for us to ascertain what could have been there,"

Mr Douglas Hogg, British Foreign Office minister, meanwhile sought yesterday to keep alive the threat of military action against Iraq, telling BBC Radio that Britain would take "whatever steps may be necessary" to force Iraqi compliance with UN resolutions. That may very well involve

IMF low-interest facility extended for further year

By George Graham

THE International Monetary Fund has decided to extend for one more year its Enhanced Structural Adjustment Facility (Esaf), a fund used to provide special low-interest loans to the poorest third world coun-

tries.
Rsaf, which was set up in 1987, had been due to expire at the end of November, after a one-year extension last year. But the IMF agreed on Monday

to a further year.

The fund is intended to provide balance of payments suprate of only 0.5 per cent a year. Finance ministers of the Group of 24 developing nations made a strong plea at this year's spring meeting of the IMF for Esaf to be made permanent, but the policy-making interim committee remained

silent on the issue. Although 72 low-income countries are eligible for Esaf assistance, China and India have said they do not intend to call on the fund. Only 19 countries had in fact used the facility by March this year. Most of the Esaf user coun-

tries are in Africa, but Bangiadesh and Bolivia have a ber countries, at an interest rowed from the fund.

Clinton's critics score an own goal

By George Graham In Washington

White House assault on Governor Bill Clinton's lack of experience in foreign affairs appeared to have backfired

A senior administration official said he had been discussing with allies the course of action that President George Bush's spokesman had the previous day cited as an example of the Democratic candidate's "reckless" approach to foreign

Mr Marlin Fitzwater, White House spokesman, spent much of Monday saying that a statement by Mr Clinton on US policy in Bosnia-Hercegovina showed he needed to "do some more homework on foreign

Mr Fitzwater suggested that Mr Clinton wanted to bombard Bosnia – a somewhat loose interpretation of the Democratic candidate's suggestion that the US should seek authorisation from the UN Security Council for air strikes against those attacking UN and non-governmental relief convoys in the battered former Yugoslav republic.

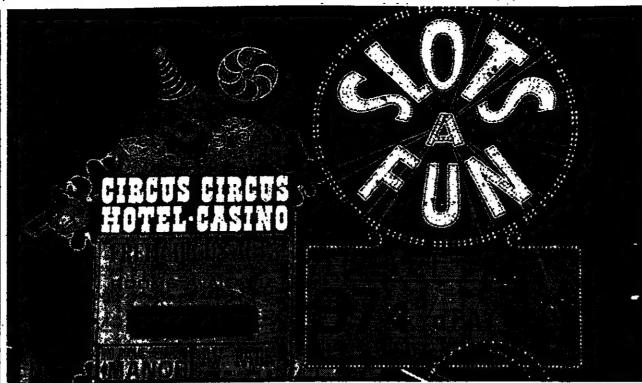
Yesterday, however, Mr John Bolton, assistant secre-tary of state for international organisations, said in Geneva that the US was consulting with other powers on possible military action to protect the delivery of relief aid to Bosnia. Mr Bolton said the Bush administration did not favour military action "at this point," but "would support a Security Council resolution to author-

means to assure the delivery of humanitarian assistance". While foreign affairs are clearly considered to be Mr Bush's strongest suit in the November presidential election, Mr Clinton has carefully avoided any faux pes on the

ise the use of all necessary

His speeches at Georgetown University outlining his approach to foreign policy were well received by diplomats and specialists. Neither the speeches, nor the

international plank of the Democratic party platform agreed_in New York this month, deviate significantly on 6.5 acres near the French



Las Vegas has long been a gambler's Mecca, but shifting trends in the gaming industry are threatening its supremacy

Gambling industry hits jackpot

OULETTE wheels are spinning, blackjack spinning, placajaca cards are flashing only the Indian motifs and some Hiawatha-styled waitresses suggest that this is a casino with a difference.

Welcome to Foxwoods, a complex in eastern Connecticut which opened its doors in April and packs in more than 20,000 gamblers a day at weekends. What makes the casino unusual is that it stands on Indian reservation land and is operated by the Pequot Tribe. It is a perfect example of why the traditionally restricted gaming industry in the US is suddenly hitting the jackpot.

Until recently only two US cities offered legalised casino facilities: glitzy Les Vegas in Nevada and New Jersey's depressed Atlantic City. Slowly, in the late 1980s, this began to change. South Dakotans voted to per-

mit casino gambling in a depressed "Old West" town called Deadwood. The result has been tagged "one of the most successful gambling ven-tures in modern times," with revenues topping \$400m (£209m) in the first two years. The Deadwood example is now spreading to larger conurbations. A few months ago the Louisiana legislature approved construction of casino facilities

But it is pressure from Sheraton to Carnival Cruise Lines, are queueing up for the

In Chicago a joint plan by three big US gaming operators Hilton, Caesar's World and Circus Circus - envisages a \$2bn gaming and entertainment centre. The cly's Mayor

Indian reservations which many industry observers view as the more immediate force for change. Foxwoods illustrates why.

The Pequots won their right to operate a casino under a 1988 federal law which permits

A casino on an Indian reservation signals change, writes Nikki Tait

Richard Daly is supportive, even if Illinois' governor is not. And on the nation's waterways, Iowa and Illinois haverecently introduced riverboat gaming while similar operations are expected to start soon in Mississippi and Louisians.

The reasons behind this new

permissiveness - which runs counter to the deep-rooted disenchantment with gambling stemming from the scandals of the last century - are mainly financial. Recession has squeezed state budgets and gambling promises a speedy palliative – both in jobs and tax revenues. In New Orleans Governor Edwin Edwards has estimated the new casino could generate 25,900 jobs. The state, meanwhile, is demanding 18.5. per cent of the property's reve-Quarter in New Orleans. Hotel ever is greater.

of gambling which is otherwise legal in a particular state. Connecticut's constitution outlaws "normal" casino operations, but allows charities to hold

"Las Vegas nights" with "casino style" gaming.
Using the loophole, the
Pequots fought a long legal battle against opposition from the likes of Connecticut's Governor Lowell Weicker. The arguments only ended when the Supreme Court declined to hear the issue.

No sooner was Foxwoods off the drawing-board than Mr Steve Wynn, one of the boldest Las Vegas impresarios, proposed building a \$350m gar and conference centre in Hartford. Connecticut's depressed state capital. As with New Orleans, such a scheme would require approval by the state gislature, and or again been voiced.

ture agreements or other forms of economic association have

been signed, and about 200 are

However, the report says

Cuban ministers acknowledge

that most investment opportu-

nities will be through eco-

nomic association since a true

joint venture is difficult to

too, not mentioned in the

tighten the economic noose

There are other difficulties

Nevertheless, many observ-

ers think it is only a matter of.

time before Mr Wynn - or

someone like him - prevails.

The reasoning is simple; if on-shore gaming exists in the state anyway, why should the law not be changed to allow taxpayers to get some benefit? Foxwoods pumps considerable sums into the state's economy.

via secondary spending and the like - some estimates have suggested \$40m a year. But the state cannot impose any direct taxes on the resort's table gaming revenues.

The potential losers are Las

Vegas and Atlantic City. The latter is about a three-hour drive from New York City, and Foxwoods can be reached in similar time. Already New Jersey has retaliated by extending permitted casino hours - and allowing round-the-clock gaming at weekends. Las Vegas, which has weathered recession far better then its East Coast counterpart, faces a less immediate threat. Nevertheless, about a third of its 20m annual visitors come from California, and expansion of Indian saming centres there could pose

The other potential loser is the punter - or, if fears of mob infiltration and prostitution prove correct, society at large. So far there has been no sign of anything so sinister at Forwoods.

competition.

Union hits at BMW plans for **US** plant

GERMANY'S IG Metall metalworkers' union said yes-terday it would fight BMW's plan to build a factory in South Carolina without union repre-sentation for workers, AP

reports from Berlin.
IG Metall, which claims with 3.6m members to be the biggest union in the west, accused BMW of deciding to build in the US on political rather than economic grounds, to the detri-ment of Germany's industrial base. It said it would co-operate with the US autoworkers union to see that the plant was

Munich-based announced last month it had chosen to build its first US plant in South Carolina with

an investment of \$250m. Mr Eberhard von Kuenheim, BMW chairman, said in a meeting last week with reporters from South Carolina that the company would fight attempts to unionise the plant, and that a second plant would be built

"We don't need an outside. third party between management and our employees," he

IG Metall yesterday released a letter sent to Mr von Kuenbeim from Mr Klaus Zwickel, a deputy president of the union, vowing that BMW will be "no exception" to the union's policy of seeing that workers are inted in German-owned plants abroad

The union would work closely with the United Automobile Workers in the US during the construction phase of the South Carolina plant to secure union representation. Mr Zwickel's letter said.

In Germany if would be unthinkable for BMW to open a new factory without union representation, and German law requires that employees be represented on an oversight council with power to influence company policy. Mr Zwickel is a member of the oversight council at BMW.

The doctrine is considered a cornerstone of social peace, democracy and good labor relations in Germany. However, in recent years the

high pay and benefits enjoyed by German workers have come under increasing fire from employers who say Germany is

NEWS: WORLD TRADE

Wage row threatens Italians' Polish deal

By Christopher Bobinski

WAGE demands by unions at the Huta Warszawa steel mill threaten to delay a planned joint venture with Lucchini. the Italian steelmaker, in what promises to be the biggest for-Poland's steel industry.

A preliminary agreement signed last December commits Lucchini to an Ecu100m (£70.7m) modernisation programme for the Warsaw plant. Further contributions amount ing to Ecu27m in cash, equipment and know-how will even tually give the Italians a 51

per cent share. But wage talks planned for today come amid continuing industrial unrest as week-long strikes continue in the Lubin copper-mining combine and at

the FSM car factory in Tychy. Fiat of Italy is to make an investment of around \$2bn (£1bn) in FSM through a deal signed with the Polish government. The factory should be in the Italian company's hands by the autumn.

Meanwhile, the strikers are demanding that in time their wages should amount to onetenth of the revenues from sales of the Cinquecento car produced there or a proportion similar to that earned by Plat workers elsewhere

At Buta Warszawa, the unions want a 100 per cent wage rise for the 4.700 workers earning an average 2.7m zloty (£103) a month. Manage ment is offering only 10 per cent. Built in the 1950s, it is Poland's only quality steel producer. Output capacity is 700,000 tonnes a year, but sales last year amounted to 230,000 tonnes. Lucchini aims to raise output to 600.000

The accord should result in a partial debt-for-equity swap with Polish banks taking a 7.8 per cent share in the new company. At the moment the steelwork's net debt amounts to 500bn zloty.

Investors find the door ajar in Cuba

Businessmen report limited but growing foreign involvement, writes Stephen Fidler

the Cuban economy is growing significantly, according to British businessmen recently returned from a trade mission to Cuba. Their conclusions, described

in a restricted circulation report, are that the government is trying to move towards a state that is "managed rather than intimately controlled" by the Communist Party. The report, "Cuba opens its doors to British business", says

a kind of "creeping privatisa-tion" - with the notable excep tion of land ownership - is under way in a bid to re-orient the economy following the collanse of trade with the former Soviet Union and east Europe. Competition is being encour aged between autonomous and

older state enterprises, as is profit, and the retention of hard currency earnings is allowable through an independent banking system. The Cubans are seeking to re-orient export production,

obtain new markets and find new sources of convertible currency. The report suggests France, Canada, Brazil, Mexico and Argentina are taking the lead in investment in Cuba. The report points to two main growth areas: biotechnology and tourism. In biotechnology, the aim is to link laborato-

OREIGN involvement in ries to the production and commercialisation of advanced research finished or nearing

completion. Biotechnological research is likely to be marketed in the EC through joint ventures with Spanish, Dutch and Hungarian companies.

In tourism, already the country's largest foreign exchange earner, the development of new facilities has become the highest priority. In 1991, Cuba received more than 400,000 visitors and expects to receive more than 500,000 this year. projected to reach 1m by 1995 of which 80 per cent will come from Europe. Cuba plans to build a further

3,000-4,000 rooms a year to 1995. Based on projects already implemented and other feasibility studies, foreign partners can recover investment in Spain has been the most

ressive investor in tourism, while Austrian, Italian, German, Swiss and Mexican companies have also shown interest. Projects are being discussed with Ramada, Inter-Continental, Camino Real, Lonhro Metropole Group, Club Med and other companies, including some from the US. A recent decision to encourage joint ventures and commercial arrangements in other sectors may in reality be some-

Cuba Tourist arrivals (1000) 1982 83

what limited. The report notes that the government is not interested in joint ventures in the production of sugar, health care, education, tobacco or in infrastructure outside Havana. Cuba has, however, proposed to the Russian government a joint venture in Russia to refine sugar. Cuba is also

looking at the possibilities of providing health care, hospital clinics and other social services to republics of the former Soviet Union. The report suggests changes made thus far are likely to be followed by yet more dramatic

changes and innovation in

developing new commercial

relationships and towards

acquiring more advanced tech-

provides an important land

ditional Cuban central planning has been abandoned in the autonomous sector and for joint ventures and there are signs that this process is now spreading to the internal sector," the report says.

meant to cover expenditure from income. Even the sports ministry now has to earn its hard currency requirements from its training and other activities in third countries. Economic Co-operation, whose historical role was as co-ordin-

"Almost every aspect of tra-

The State Committee for ator of government-to-government negotiations and with

which the predominant respon-,

sibility for joint ventures now

report. Some British businessmen considering business with Cuba say they have received hints that it might have dverse consequences on their regulatory treatment in the US. The Administration has already tightened regulations on shipping goods to Cuba. Congressional proposals to

around Cuba are causing concern as they could trigger a Already all enterprises and row with the British and other government agencies are governments over the extraterritorial ambitions of US law. "It is for the British government not the US Congress to determine the UK's policy on trade with Cuba," one UK official warned. Companies have also experi-

enced not-so-subtle pressure from Cuban exile groups, which sometimes have significant knowledge about companies' investment proposals in

as a potential catalyst for for

eign investment, which has

been hard to attract because of

Bush backs Nafta despite widespread public opposition

By Nancy Dunne in Washington

PRESIDENT Bush yesterday defended the planned North American free trade agreement (Nafta) between the US, Canada and Mexico, saying he would not "back down" in face of widespread public opposition and Democratic demands for changes in the proposed

"Trust me to do what is right

for America and what's right for the future," he said. Speaking at the White House before a group of Hispanic business men, who are expected to support Nafta, Mr Bush sald agreement was very close, but "nobody is going to turn this one into a political football". Clearly, that is what is happening. On Monday, the Democrats began a co-ordinated assault on the proposed pact on grounds the current draft did not protect workers and Congressman Richard Gephardt, House majority

eader, warned the administration to write strong protective clauses into the pact and set up a specific funding mecha-nism (he proposed a cross-border tax) for worker retraining. Otherwise Congress would write it into the implementing legislation. Governor Bill Clinton, the

Democratic presidential nominee who portrays himself as "an agent of change", sup-ported Mr Gephardt's position,

urging "a new course" in trade agreements, rejecting "the out-dated rhetoric" of both free traders and protectionists. Senator Max Baucus, chair-

man of the Senate trade subcommittee, called on the administration to slow the nace of the talks to ensure adequate environmental protecdons were included. Senator Lloyd Bentsen, influential chairman of the Senate finance committee, yesterday said any agreement "must be accompanied by a firm commitment to take appropriate steps to deal with worker retraining, environment protection and border

Mrs Carla Hills, US trade representative, defended the agreement but acknowledged explaining Nafta's merits to the US people at a time of high unemployment. But she strongly opposed as "bad eco-nomic policy" a cross-border in Washington today. Progress had been made in

cars and agriculture, she said, but "gaps" remained in both areas and in the investment, services and market access sectors. Mexico is reported to have withdrawn its insistence on continued protection for its car and car parts industries beyond 10 years. Mrs Hills said a final deal could come in the next 10 days. But getting a notification, including private sector reports, to Congress, would take some time.

in the 21st century. Leaders in Wuhan and its hinterland see the investment.

ABB China deal grows By lan Rodger in Zurich

A CONTRACT won in April by a consortium led by Swedish-Swiss power engineering group, to build the Shaijiao C coal-fired power plant in Guangdong province of China has been extended to include an expansion from the

HK group to invest in Chinese entrepôt project

By Our Foreign Staff and

WHARF Holdings, a Hong Kong-based conglomerate, is to invest about 20 per cent of its net assets in a project that could transform the central Chinese city of Wuhan, and reinforce Hong Kong's preem-

inence as South China's leading port. The focus of the project will be a containerisation centre where manufacturers would load containers and clear customs before "exporting" goods directly along a 1,200km mod-

ernised railway line to Hong

Kong, according to Mr John Hung, Wharf's executive direc-The multi-billion-dollar proj-

ect had won strong backing from Beijing, with letters of intent signed in June. As well as the containerisation centre, trains, tunnels, power plants, hotels and industrial complexes could be built under the plan, which would take at least 10 years to complete. Wuhan, capital of Hubel

Province, astride the Yangtze

River about 800km inland from

Shanghai, has long been a crit-

ical transport hub in central

China. Its road and rail bridge

crossing of the Yangtze. Preight from China's interior is often shipped to Wuhan, to be forwarded north or south on the country's railway system. From this commanding com-munications position, Wuhan has grown to be central Chi-na's main industrial city. It is already a critical entrepot for goods exported through Hong Kong, and is an important supplier of food to the territory. It is estimated that transforming Wuhan into a modern inland cargo distribution cen-

tre will cost at least \$1.5bn

(£780m). Mr Hung said yester-

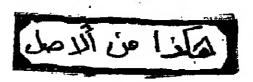
day that Wharf would now progress to a detaued reason-ity study. The company has nominated consultants and already has staff in Wuhan: The project offers powerful attractions to both Hong Kong and Wuhan For Hong Kong, anxious to build close economic links deep into the Chl-nese mainland, it would ensure the colony's pivotal importance to south China even after 1997. when Beijing regains sovereign

Shanghai's ambitious Pudong project has been seen by some as a potential Province, which will link with threat to the territory Xiang River barges to Wuhan.

difficulties in overcoming the problems of using China's rudimentary infrastructure. The city has also been pin-pointed by Mr Gordon Wu, ad of Hopewell Holdings in

Hong Kong, who has built roads and power stations in He plans to build a 500km arterial road through Hunan originally planned 1,310MW in Asia.

The value of the enlarged contract is to rise from an amount in excess of \$1bn (£500m) to over \$1.4bn, and the share of ABB's US subsidiary, ABB Combustion Engineering Systems, rises from \$270m to \$400m. When completed in 1995, the plant will be the big-



ADVERTISEMENT

Ricoh's ring of gold

The Barcelona Olympics have begun and Ricoh, a world leader in office technology, has completed the installation of the unique Olympic fax network that encircles the globe, ensuring that the Games' sporting achievements can be known worldwide - at the push of a button

"BEFORE I came to Barcelona, I didn't know what a sporting city was".

Mant

us wrote Baron Pierre de 🔏 Coubertin, founder of the modern Olympic Movement after visiting the Catalonian port city in 1926. And in the days since last Saturday's opening ceremony in arrow soared through the night sky to light the Olympic Flame, the world has come to see what the Baron meant:

Not only are the Barcelona Olympics the largest ever seen, with more than 10,000 competitors from 172 countries. They are the first of the post Cold War world and they have been free of much of the political turmoil between East and West which marred previous

Pasquel Maragail, Mayor of Barcelona, summed up the hopes of many when he expressed his wish that the Gamesshould go down in history as "those which united in a new Europe all the countries of the world."

Swift communication is the key to this uniting of "all the countries of the world", and the modern fax machine, like television or the telephone, is one of the principal means of such communication. Which is why Ricoh. the international office automation glant, has put so much time, effort and resources into creating the world's first international Olympic network.

An invaluable link in communications

It was not always easy. Ricoh estimates that as many as 30 users saw a fax machine for the first time when the company installed their equipment. Several units were struck by lightening. The Gulf War interrupted installation in the Middle East for a time. But the problems were overcome.

in most cases the network has now been operating for many months and has proved invaluable in improving and the headquarters in Lausanne of the International Olympic Committee.

widely recognised. Sald New Zealand's Tay Wilson: "In the Pacific region, where mail is very slow and erratic, this facsimile network has greatly improved our communications".

This view was echoed by Tonga's Dr Fred V. Sevele: *We are most grateful to Ricoh for this highly efficient and sophisticated machine . . . we simply cannot do without It."

From Africa Mr T.A.G. Sithole, President of the Zimbabwe Olympic Committee agreed: "It is invaluable. it more than meets our expectations." And Australia's Philip W. Coles spoke for many when he commented: "Fecsimile machines are a very fast

and efficient means of communication with a broadly-based and growing number of individuals and

Long after the Barcelona Olympics are over, the benefits of a worldwide fax network will still be being felt in every corner of the globe.

The network was very much the brainchild of His Excellency Jaun Antonio Samaranch, President of the International Olympic Committee, who has had a "long held dream of



Covering the Games: the world relies on Ricoh to provide the most up-to-date fax network on the Olympic sporting triumphs

establishing an effective international information network among IOC member. .

Ricoh's Olympic sponsorship has been strongly backed throughout the organisation, Said Jurgen Paxmenn. President of Ricoh Germany: "The Olympic Games always receive the est attention in Germany. By sponsoring the 1992 Games, we create a connection between Ricoh and the world's most popular sports event", while Ricoh Spain's President welcomed the copportunity for all members of the Ricoh Family to reach the first position in the world facsimile Olympiad."

The expertise of a global giant

Ricoh brings to the Olympics the expertise and technology of a global giant employing 47,000 people world wide. Established in Europe since 1963, Ricch co-ordinates its European

operations from its headquarters. Ricoh Europe BV in Amstelveen, Holland, With seven sales subsidiaries and a financial subsidiary as well as factories in Britain's West Midlands and France's Alsace region, Ricoh now employs more

than 2,400 throughout Europe. Meanwhile, Ricoh is gaining valuable especially in eastern Europe, which will stand the company in good stead in years to come.

Combined with the enormous amounts Ricoh spends on research and development every year to retain a technological lead in its copier, tax and office automation market, Ricoh's experience in building the Olympic fax network will prove invaluable in reaching the company's long term goal, which Ricoh's President Hiroshi Hamada sums up thus:

"Quite simply, I would like to see our company at the top of the office automation and image processing industry and to be widely recognised as the leader in this field."

RICOH'S TOUR DE FORCE

Sunday, another great sporting event was reaching its thrilling climax,

The audience watching the end of the 79th Tour de France, the world's cycling fraternity's top sporting event, may not have matched the billions watching the Olympic opening ceremony, but Spaniard Miguel Induratn's victory to win the coveted yellow jersey for the second year in succession was still eagerly watched on television by hundreds of millions of enthusiasts worldwide.

As the 130 survivors of a 198-strong starting list battled along Paris's historic Champs-Elysees towards the finishing post they were bringing to an end a competition during which the 22 competing teams had covered just under 4,000 kilometres.

For the sixth consecutive year the cyclists bore the name of Ricoh. a world leader in office automation, on their back numbers as they cycled through Spain, France, Belglum, Germany and Italy In weather which varied from sweltering sun to torrential rain amid terrain as diverse as the flat land of Northern France to the mountains of the French Alps. As the official back-number sponse of the 79th Tour de France, the Ricoh name has figured prominently on

television shots from the very start of the race in Saint Sebastian, Spain. Ricoh once again provided its photocopying expertise to the organisers of the Tour de France. By providing a Press Copy Service Centre throughout the period of the tour, Ricoh kept the 1,000-plus television and print journalists and photographers covering the Tour with completely up to date results of each stage and the overall rankings of the

As with its support for the Olympic Games, Ricoh is determined to show through its involvement in the Tour de France its strong support for all international sport.

THE FIRST OLYMPIC FAX NETWORK

From Andorra to Argentina, Bulgaria to Bhutan, the Pacific's Cook Islands to the Central African Republic the Olympic Family for the very first time is now linked by an

international facsimile network. The latest news of each country's medal results, each thrill of golden victory or anguish of defeat, is being sent instantly by fax as a result of a technological "first". Created, developed and built by

Olympic Committees (larger in Olympic Games) the 89 International International (sports) Federations. Almost three years of preparation, careful planning and hard work ended in success with the start of the One of the greatest challenges

RIGOH

Ricoh, the network links the National Olympic Facsimile Network was put to the test and went "live". Besides the Ricoh fax machines dotted around the world in the offices Olympic Committee members and 33 of the NOCs there are more than 600 machines in Barcelona and at the other Olympic sites around Spain, including 28 in the Olympic villagefacing Ricoh was to cope with the "Everything has gone smoothly and according to plan," said Peter van der Kaag of Ricoh Europe when the

peoples of the former Soviet Empire faced up to the pressures and changes of the post-Cold War era. The challenge was not only to respond to the demands of a growing number of independent states - Latvia, Lithuania and Estonia being only three - but also to the dilapidated state of much of the infrastructure of the former USSR especially where the technology of telephone networks were some 30 years out of date. Since the efficiency of a fax owes much to the effectiveness of a telephone network this posed Ricoh a tough problem. But the company responded with enthusiasm. Not only are the countries of the Unified Team linked into the Olympic network but countries such as Croatia and Slovenia, emerging from the structure of the former Yugoslavia, have also been securely linked to the Olympic Family.



Fired with success: an archer sends a flaming arrow to light the Olympic flame at the spectacular opening ceremony in Barcelona

RIGON

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By Emma Tucker, Economics Staff

drop in UK THE manufacturing output during this recession could be as steep as the fall recorded a decade ago, according to the latest quarterly survey from the Confederation of British Industry (CBI).

The survey shows that manufacturers' orders and output continued to fall over the past four months, disappointing earlier expectations of a pick-up in demand.

Manufacturers, whose optimism about the economy has fallen sharply since April. expect output to continue declining over the next four months and for demand to

Based on the results of the CBI survey, manufacturing output fell by 0.6 per cent in the second quarter of the year compared with the previous quarter, and is forecast to fall a further 0.9 per cent in the third quarter. This would bring the total drop in output, from a peak in the fourth quarter of 1989, to 14 per cent. During the 1980/81 recession. government figures recorded the drop in output from peak

to trough as 15 per cent. Mr David Wigglesworth, chairman of the CBI's economic situation committee said: "We don't know when the recession will end and this uncertainty is having a nega-tive effect on all of us. The continuing cuts in investment bode very ill for the medium and longer term competitive-ness of Britain's manufacturing industry."

The survey also highlighted the pressure on manufacturers to cut prices. Profit margins continued to be saucezed over the past four months as a greater number of companies cut factory-gate prices than those raising them.

Mr Wigglesworth said the survey's positive results were that inflation was still falling and companies do not plan to cut investment in training and product innovation.

Official figures for manufacturing output in June and July from the government's Central be released. May showed a small month-on-month fall in output after a 0.3 per cent Increase in the first quarter compared with 1991.

Education set to undergo major reform

By Andrew Adonis

THE UK government yesterday unveiled sweeping reforms of the country's education system to send task forces into schools which fall to meet standards and take power over school budgets away from locally elected councillors.

Under the blueprint published by the government elected local education authorities, which currently control most of the 25,000 schools nationwide, are set to wither

In their place will be a new government-appointed agency responsible for handing out Treasury funds to grant-maintained schools and taking over from local government the job of planning the future shape of the school system.

Mr John Patten, the education secretary, said the propos-als were "radical, sensible and in tune with what parents

The policy document predicts that 4,000 schools, including a majority of secondary schools, will have opted out of the financial control of local education authorities within three years.

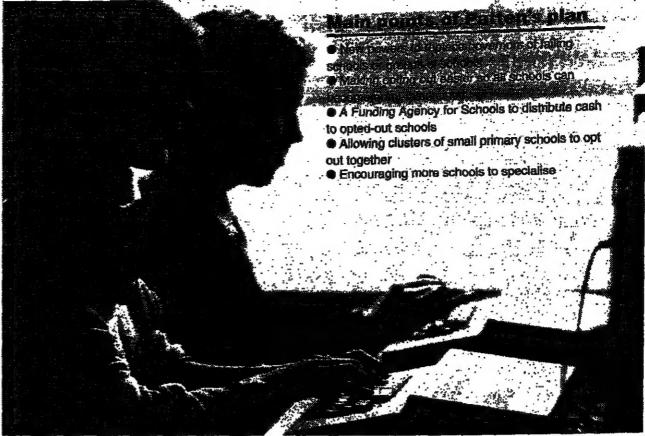
"Self-managing schools are the way for the future for primary as well as secondary schools," said Mr Patten. But

he sounded a note of caution to the Tory right, which favoured the outright abolition of local education authorities, stressing that ballots would continue to be needed for schools to opt out and calling for partnership between local authorities and the new structure in the long

"We intend to create a stable system of education that sets international levels of excellence," the government says in the policy document. "Other leading nations have high standards and a high degree of spe-cialisation. We can match and outstrip them."

The policy documents's most far-reaching proposals concern surplus places and sink schools. Mr Patten proposes that new task forces, called "Education Associations", be sent in to schools declared by the new inspectorate to be "at risk." They will have broad powers to restructure a school's staff and senior man-

The financial régime for grant-maintained schools, the crux of the new structure, wil not be finalised until the autumn. It appears likely, however, that the large financial incentives for schools to opt out will be removed as the number of grant-maintained school rises from its current



level of 250. Mr Patten also proposes to take new powers to reduce the estimated L5m surplus places in schools in England and Wales. He will be empowered to direct local authorities and the new Funding Agency for Schools to prepare schemes to remove places, and will have the power to impose schemes of his own. These could lead to the closure of grant-maintained

omy granted to them under

existing legislation.

The policy document was condemned by the opposition Labour party and the teaching unions. Ms Ann Taylor, Labour's education spokesperson, said it was a "recipe for chaos and further upheaval in our schools. There are no new resources for our children's education.

Mr Peter Smith, general sec-retary of the AMMA teachers union, said the policy docu-"represents a muddled

policy which hints strongly that local accountability will be replaced by remote White-hall-controlled quangos." Local authority organisa-

tions responded bitterly to the proposals to wind down their education responsibilities. But privately some county councilleaders expressed relief that the government had not determined on outright abolition of local education authorities, a decision which would have largely pre-empted the work of

the Local Government Commission in determining the future of the two-tier structure existing in most of England and Wales.

The grant-maintained schools centre welcomed the policy document as providing "stability of funding for grantmaintained schools whilst instituting a light bureaucratic

Analysis, Page 12

Council (MEUC), a lobby group

representing large electricity

consumers, also called for a cut

Offer, the electricity watch-

dog, said yesterday that the levy had always been designed to lapse in 1998. But the regula-tor, Prof Stephen Littlechild, is

understood to be considering

Barclays held fears on Maxwell

By Raymond Hughes, Law Courts Correspondent

BARCLAYS Bank began to reduce its exposure to the Maxwell group more than three months before Robert Maxwell's death because it had noticed "some alarming signals", a High Court judge in

London said yesterday.
In July 1991 Maxwell Com-munication Corporation defaulted on a foreign exchange debt and in October 1991, the bank demanded repayment of \$30m due under an overdraft facility, said Mr Justice Hoffmann.

The money had been paid after Barclays threatened Mr Kevin Maxwell with a writ against MCC and withdrawal of future co-operation.

On November 24 1991 Mr Richard Pelly, Barciays's cor-porate finance director, wrote to him: "This letter will serve as a warning that the non-payment of the \$30m will result in a breach of the facility and Barclays will take whatever action is required to recover its money . . . We believe the co-operation of this bank will be important to you over the days and weeks to come, both on the private side and in discussions regarding the financing of MCC to which we will continue to provide significant facilities after the repayment of the \$30m. However we will not be inclined to 'standstill', thereby improving the position of other banks, if the \$30m

Politicians make progress in Northern Ireland talks

By David Owen

TALKS ON Northern Ireland's political future adjourned for the summer on a positive note in Dublin yesterday with British and Irish ministers expressing optimism about their prog-

after a four-hour meeting between the two sides, Sir Patrick Maybew, Northern Ireland secretary, said: "The great thing is that this process of talks is now continuing

"It is hope that is at the top of our agenda - and hopes have been fulfilled," Sir Patrick added. The meeting marked the beginning of 'strand three' of the complex Lex. Page 14 talks process, which brings

together the British and Irish covernments as well as leaders of political parties in Northern

Referring to a recent shadow cast over the talks by the Rev-erend Ian Paisley, the hard-line Democratic Unionist leader, Mr David Andrews, Irish foreign Commenting on the situation minister, said that he had listened to Mr Paisley "more in sorrow than in anger.

Mr Paisley, a flercely pro-British party leader, warned last week that the talks would fail if the Irish Republic did not agree to drop its territorial claims to the province.

An official statement on yesterday's meeting said that the two sides agreed an approach to arrangements for liaison on hilateral 'strand three' issues

with the other participants is the talks.

· Mr Michael Grade, chief executive of the Channel 4 television station, asked for Special Branch help because of fears for those making a programme on Ulster.

Staff of Box Productions that made Committee, which claimed to expose collusion between the Royal Ulster Constabulary and Loyalist death squads were re-housed because of the danger, Lord Williams QC said yesterday.

He was defending Channel 4 and Box in a contempt of court action under the Prevention of Terrorism Act for refusing to disclose the identity of the main source for the death squad allegations.

Surge in N-profits angers power users

By Juliet Sychrava

THE ROW over UK electricity prices was heightened yester-day when Nuclear Electric, the state-owned nuclear generator, announced a £482m operating profit for the year to March 1992, 48 per cent up on the year

The news came as ICL, Britain's largest chemicals group, met Professor Stephen Littlechild, the electricity regulator, to complain about high electricity prices.

Britain in brief

The increase in Nuclear Electric profits prompted ICI and

The levy, which involves an 11 per cent surcharge on electricity bills, has been criticised by large users. "We think the

size and concept of the levy

other users to repeat calls for : the government to lift the

£1.26bn subsidy - the so-called

levy - which Nuclear Electric

light of the profitability of Nuclear Electric," said Mr Chris Hampson, director of ICL petitiveness in Europe, he said. The Major Energy Users

The size of the company's power bill is affecting its com-

should be reconsidered in the the possibility of lifting the levy before then.

in the subsidy.

Yesterday's results showed Nuclear Electric could not yet make a profit without a subsidy. Without the levy revenue, its turnover would have more than balved to £1.17bn, giving an operating loss of £783m. rather than the £482m profit reported yesterday. That would have turned its

final profit figure of £62m, after provisions for waste disposal and redundancies, into a loss. But Mr John Collier, Nuclear Electric's chairman confirmed the company intended to be profitable without the levy by 1995. This is important because Nuclear Electric will have to demonstrate it is economically viable when the government reviews the future of the British nuclear power industry in

Fund managers face equity exposure

By Norma Cohen, Investments Correspondent

PENSION fund managers have increased their exposure to equities over the last five years, just as equities have been performing less well than gilts, according to a survey of the British fund management

industry.
The 1992 Pension Fund Investment Manager survey by consulting actuaries Hymans Robertson said that in the five years to June 30, 1992, equities produced 6 per cent per year, markedly lower than UK government gilts, which produced 9.5 per cent annually over that period.

The average UK fund had increased equities weightings to 60 per cent of holdings from 55 per cent at the end of 1986. Furthermore, the investment category

which has seen the greatest inflow of with their stock selection in that market funds has been that of overseas equities which have produced negative annual returns of 0.3 per cent.

The 1992 survey was based on findings by 98 managers with more than £180bn of segregated pension money under management and more than \$500bn of total funds The total UK pension fund market is

estimated at roughly £300bn. Mr George Henshilwood, partner and

consulting actuary at Hymas Robertson said: "It may be that UK fund managers cannot pick overseas equities as well as they can pick domestic ones." While poor returns in Japanese equities

could well be explained by overall market conditions, UK fund managers had consistently underperformed key US indices

Significantly, the 1992 survey also revealed a sharp increase in fee scales for balanced funds of roughly 15 per cent, on average. The fee increases have come despite rising competition for fund management mandates.

The survey found that the five larges pension fund managers are unchanged from the previous year, although there have been significant shifts in their respective market share.

The five fund managers are Mercury Asset Management (19 per cent market share), Philips and Drew Fund Managers (11 per cent) Schroder (9 per cent), BZW Investment Management (5 per cent) and Robert Fleming Asset Management (5 per

Appointments

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Strong preference for traditional UK collective bargaining against the continental European system of works councils has been expressed by the GPMU print union in a motion for this year's annual conference of Britain's Trades

Union Congress (TUC).
The GPMU motion also speaks out against European level negotiations between the European TUC and UNICE, the European employers' body, saying that if European collective bargaining is developed it should be done at sectoral

The motion challenges the increasingly Europhile consen-sus of several larger unions, such as the GMB general union, and of the TUC itself.

Names angry at report delay

Lloyd's Names have reacted angrily to news of a further delay in the publication of a report into multi-million pound losses by the Feltrim syndi-

Sir Patrick Neill, who has been investigating the losses of two syndicates formerly managed by the Feltrim agency for over a year, had been expected to present his conclusions to the council, the Lloyd's governing body next week However, Mr David Cole-

ridge, Lloyd's chairman, indicated on Monday that Sir Patrick's report will not be available under September. "I was appalled to learn of the delay," said Mr Colin Hook, chairman of the Feltrim Names Association. Possible legal action by Names to recover losses has been held up pending publication of the report.

New post for Kinnock fixer

Mr Charles Clarke, the chief of staff and leading "fixer" to former Labour leader Mr Nell Kinnock for pearly 10 years, is

appointment has

taking up a senior advisory

post at the Trades Union Con-

renewed speculation that Mr Norman Willis, the TUC generai secretary, will announce his premature departure at this year's TUC Congress.
TUC officials have pointed

out that Mr Clarke will be working for Mr John Monks, Mr Willis's able deputy, who is now effectively running the organisation.

Dutch group to close plant

Akzo, the Dutch chemicals group, is to shut the Macoherson paint factory in Bury, Greater Manchester, with the loss of 390 jobs. Another 110 jobs are also to go in a national reorganisation of Akzo Coat-ings operations in Britain. The move signals a clearing

of the decks in both decorative and industrial paint markets for when the recession ends. Akzo vies with Crown and Kalon for second place to ICI in the UK, where it competes with its Sandtex, Permoglaze, Sikkens, Macpherson and Valspar brands.

Production will be transferred to Akzo's factory in Hull, starting next year, with completion in 1994.

NVQs to get higher profile

The government must do more to raise the profile of National Vocational Qualifications (NVQs), the new national system of assessment based on workplace competence, according to Mrs Gillian Shephard, the employment secretary.

NVQs, intended to give employers quality assured and ost effective ways of meeting their skill needs, are being developed in a bid to end the under-use and under-valuing of vocational qualifications in the UK.

Mrs Shephard said she was dissatisfied with current awareness of NVQs and pledged government action.

Directors jailed for fraud

Two directors of a computer company have been jailed for what a judge at Southwark Crown Court described as "frauds on a massive scale" against finance houses. Mr Terence Harvey and Mr



High scorer: England striker Alan Shearer this week became Britain's most expensive soccer player in a £3.5m transfer from Southampton to Blackburn Rovers. The Lancashire team has spent more than £10m on new players ahead of the new season next month. Blackburn manager Kenny Dalgiish was yesterday targeting England midfielder Geoff Thomas. If a deal is struck with London team Crystal Palace, Thomas's club, it would take Riackburn's spending this week to £6m. Palace have turned down a £2.5m bid for Thomas from London rivals Arsenal,

puter Investment Leasing, were sentenced to 18 months and 12 months respectively and disqualified from being company directors for two years after pleading guilty to obtaining property by deception. Judge Watts said that well

over film had been extracted from finance houses, more than 2700,000 of which had been totally lost

Tourist board fails after debts Liquidators have been

appointed to the Thames and Chilterns Tourist Board, one of 12 regional tourist boards in England, because of mounting debts. It is the first tourist board to fail.

Mr Michael O'Dwyer; the board's chairman, said that a combination of factors had caused the collapse, including a "substantial" write-down of assets, the writing off of

John King, directors of Com- £40,000 in bad debts, the loss of an expensive legal case, and internal overspending.

Executive faces theft charges

Dr Gerald Smith, former chief executive of Farr - the failed west country construction company - has been com-mited for trial at Southwark Crown Court in London that charged with stealing cash and securities worth more than £1.2m from the Parr Group pension fund.

Dr Smith was remanded on bail of £100,000. He faces 14 charges of theft between September 11, 1989 and February 23 1990. Among the charges are the alleged theft of shares in British Airports Authority Barclays Bank, J. Sainsbury Ladbroke Group and Hanson belonging to the pension fund the is also accused of stealing By the charge for almost the area in the sain and in the sain area. cheque for almost film owed to the fund.

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OLYMPIC NEWS IN BRIEF

Competitors battle 41° temperatures



Sun-battered Olympic athletes appealed for more bottled water to combat dehydration as the heatwave continued. Most competitors have yet to see a cloud over the Catalan city since their arrival.

Speciators at the claycourt tennis stadium said the courtside thermometer showed 41 degrees in early afternoon. A French bottled water company said it had shipped 100 extra cases of water to the US basketball team and 75

to the US voileyballers. Humidity adds to the problem: rooms in the athletes' village do not have air conditioning. Croat tennis player Goran Ivanisevic said it was like living in a sauna in his room and many athletes complain they cannot get to sleep until it cools down in the early hours of the morning.

Pollution is increasing. From the hillside diving pool it

is now hard to pick out the famous Sagrada Familia cathedral only 2.5km away because of smog. Temperatures are expected to fall gradually in the next

Becker wins in five sets

Three-times Wimbledon champion Boris Becker edged past little-known Norwegian Christian Ruud in a five-set marathon

which took nearly five hours.

The German claimed he was still glad he had come to Barcelona, despite the intense midday heat which appears to have escaped the tennis schedulers' notice.

Double gold for Hungarian

Hungary's Kristina Egerszegi became the first individual double gold medalist at the Games with an Olympic record, adding the top medal in the 100m backstroke to her triumph in the 400m individual medley.

Alexandre Popov of the Unified Team won the men's 100m.

Spain's Martin Lopez-Zubero won the men's 200m backstroke

and, like Egerszegi, set an Olympic record. The American women's relay quartet won in 3 minutes, 39.46 seconds, breaking the world record of 3:40.57 set by East Germany in 1986.

Unified lead in pentathlon

Eduard Zenovka of the Unified Team moved into first place in the modern pentathlon after the cross-country running, the fourth of five disciplines. Zenovka was third in the 4,000m in sweltering heat. Manuel

Barroso of Portugal won the event. The Unified Team led the team competition with 13,168 points. Poland was second with 12,996, Hungary third (12,981) and France fourth (12,758).

Fourth gold for China

and Sorin Babii of Romania the bronze.

Wang Yifu won China's fourth gold medal of the Summer Games with a record win in the men's air pistol. Wang set an Olympic record of 684.8 points giving China an 11-10 lead over the US in the medal count at that point. Serguei Pyjianov of the Unified Team took the silver medal.

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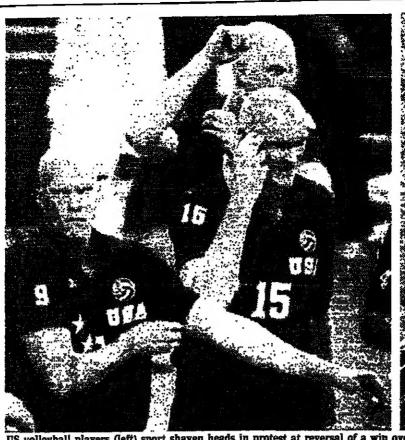
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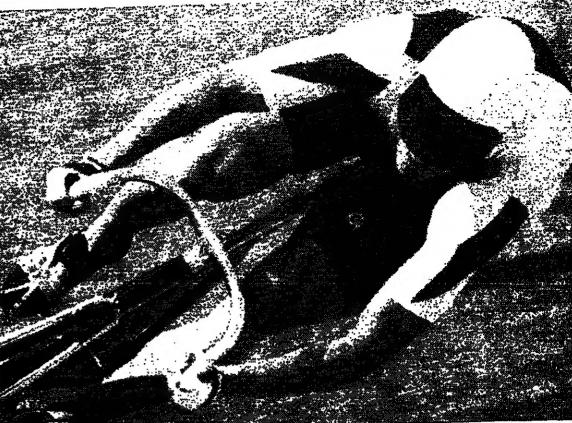
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US volleyball players (left) sport shaven heads in protest at reversal of a win over Japan. Right: world champlon Jens Fiedler of Germany speeds to a 200m sprint Olympic record at Vall d'Hebron

The compleat guide to drug abuse

Nicholas Woodsworth on the insidious spread of new-generation performance enhancers

IKE other journalists drawn for falling tests. sitting around the breakfast table each morning at the Barcelona Press village, I keep my ears open for the subject that turned the Seoul Games on their head four years ago - drug disqualification. So far things have been very quiet.

Canada's Ben Johnson is keeping his head low. It is one of the great ironies of these Games that while Johnson will once again be running in the 100 metres, his great rival, Carl Lewis of the US, is for the moment only a reserve member for the US 100m relay team, though he is in the long jump. There was a sprinkling of drug disqualifications before the Games began. Canadian sprinter Cheryl Thibedeau was banned for life for failing a steroid test in June. Nigeria has withdrawn six athletes, including women's long jump and 100m medal hopefuls. Six South Koreans were also with-

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Here in Barcelona, there were minor rumblings on Sunday when US 100m freestyle silver medallist Jenny Thompson complained that the bulky, well-muscled winner of the event, China's Yong Zhuang,

had not been tested afterwards.

None the less, among Olympic veterans in Barcelona there is consensus that performance enhancing drugs continue to play a significant role in Olympic sport. Some who have attended half-a-dozen Games have run out of enthusiasm. It is not because they have lost their love of sport. On the contrary, it is because they no longer know which sporting achievements are real and which are not. Some even question the value of attending the next Games in Atlanta in

On the other hand, I might make it to Atlanta. Not as a meek and mild reporter, but as a record-smashing, medal-grabbing Olympian.

I am overweight. I smoke. I drink. My arms are like pins, my thighs are jelly. I am 38. None of this, however, worries me in the slightest, for I have managed to get hold of a copy of the Underground Steroid Handbook - Update 1992, which promises me I could get away with a trip to Atlanta. Such is the world of performance-enhancing drugs these days that I can believe it.

The handbook is written by one Daniel Duchaine, an inhabitant of Los Angeles. Duchaine has been in the cheating business a long time. His first underground steroid handbook, published in 1981 and sold perfectly legally, proved highly popular: 40,000 copies went like hot-cakes.

My own edition is a special commemorative one; it was written by Duchaine after release from prison on an anabolic steroids charge and published this year, presumably to coincide with these Olympics.

Times are changing fast. Anabolic steroids - previously the athlete's drug of choice have not only become illegal. They are becoming obsolete. In the last few years a new generation of performance enhancing drugs has evolved, and Duchaine sees it as his duty to guide a new generation of athletes towards them.

"We now can't rely on stagnant, decades-old technology," he writes, and sees steroid ille-gality as something of a boon. We will now be legally and ethically forced to look for truly effective steroid alternatives...It's my job to help athletes...I believe in ten years' time we'll see athletes...bigger faster, stronger, and (at last) socially acceptable."

If you can stomach Duchaine's morality, the modest price of \$19.95 will buy you all the information you ever wanted on performance-enhanhandbook is a detailed step-bystep guide on how to become a successful drug-enhanced ath-lete. As a publication of Britain's Sports Council magnificently understates the case, this "puts the medical profession and coaches in a most dif-

ficult position."

It does not put athletes in a difficult position, for the handbook bends over backwards to let them know exactly what they can get away with and how to do it. One chapter, for example, lets American readers know how to get around US Food and Drug Administration laws and import banned substances "legally" through various deceptions. If all else falls, there is advice on smuggling.

A much bigger problem, it seems, is simply getting hold of the real thing. Banned sports drugs have become so soughtafter that a multi-million dollar industry of counterfeit drugs has sprung up - about 90 per cent of all black market steroids, for instance, are fakes. is your injectable Stanozolol cloudy? In fact, the suspended

particles in real Stanozolol have an irridescent sheen. Hundreds of drug scams are being perpetrated.

There are also untold ways of beating a drug test. You can insert a catheter tube into your urinary tract and fill your bladder with someone else's drugtrace-free urine. You can use testosterone and, because it exists naturally in the body, get away with it with careful calculation. Or you could try Probenecia, a masking agent that hides drug traces in urine. Like many athletes, you could stop steroid use at a specific time prior to a competition

drug test so no traces remain. Or, like Daniel Duchaine, you could use a blocker that jams the tubules of the kidneys for a few hours so that banned substances do not get into the urine. "This blocker works on many steroids, all amphetimines, narcotics, uppers, downers, you name it this stuff blocks it," he crows. "It always works. So far it has not been

banned, as it has not been detected. If they ban it, I'll just find something else. I like drug testing: it's a challenge, it advances the state of the art of

performance enhancement. What about the newest of up-and-coming non-steroid performance enhancers? Drugs wizards such as Duchaine are not at a loss. Personally, he favours anti-catabolics: synthetic analgesics such as Cytadren that prevent adrenal hormones from arresting protein synthesis in muscles. It adds to muscle size and strength, and - some predict - is the drug of the future.

Alternately there is Clenbu-terol, which magically burns off body fat and promotes rapid muscle development, exercise or no exercise. Unfortunately, there is no magic in the work of men such as Duchaine. He is real. His book is real. The drugs he promotes are real. And they are a worry to everyone concerned about the future of high-level sport.

I spoke to David Cowan, director of London's Drug Control Centre. His greatest worry not banned drugs for which tests exist, but the large grey area of new sports drugs for which no international legal

consensus on tests exist. Red blood cell-producing EPO, testosterone-stimulating HCG, aggression-developing DHT, growth promoting HGH all are banned, all are detectable, but so far, despite growing concern over their use, the International Olympic Committee has failed to take crucial decisions on testing

Dr Cowan estimates that currently only about 10 per cent of drug testing is random, out-ofcompetition testing. Most authorities agree that such testing is the only way that the growth of Olympic performance-enhancing drugs can be controlled. Until this happens, Daniel Duchaine's athletes will continue to become bigger.

stronger and faster.



Ben Johnson (left foreground), at the finish of the Seoul 100m final. He was disqualfied for drug abuse, then banned. But he is running in Barcelona

Board-sailing for gold Penny's way

ENNY WAY suffers from acute tennis elbow. The odd thing about it is that Penny is one of the world's top board-sailors, not a serve, voiley and strawberries person at all.

"It's an over-use injury. As the sport becomes more intense and you spend longer on the water training and racing, these things are going to happen to sailors," said Rob Andrews, national racing coach to Britain's yachtsmen and also married to Penny

Since the image of sailboards is one of sun, sand and sea, the notion of gaining an injury on one through sheer repetitive hard work seems a bit unlikely. Penny Way would tell it dif-

ferently. For the last three years there has seldom been a day where she has not sailed - competing or training - somewhere in the world. Her consistent ranking at world No 1 led to her being pre-selected for the British team ahead of any other athlete in any discipline. On the start line, other women sailors were automatically working out who was going to come sec-

Way first became world champion in 1986 and four years later won the Olympic class world championship in Argentina. That title came her way again last year. She has won over 300 titles in virtually every country where a board has been known to float.

It was only two years ago
Olympics. With just one boardsailing contest for both sexes, Racing Union announced that there would be a board-sailing class for women. Previously there was one class for both sexes, which left women at too great a weight disadvantage if the wind blew up at all.

Way knew instantly that her could not have held a board upright in the strong winds off years of dedication were going to be focused on this one event

Keith Wheatley looks at the prospects for British success in a new women's event despite injury problems

Last year went well but since the winter months, Way has begun to look a little vulnera-

The tennis elbow needed minor surgery to remove local scar tissue; then a virus infection hampered her performance in the world championship in Singapore early this year. Her world ranking has recently dropped to sixth, with French sisters Maud and Anne Herbert looking strong ahead of Way in the rankings.

However, sitting on the harbour wall at Barcelona's spien-Olympics counts." Penny Way . vres have to be made. is oft tall but lightly built, with the sailor's tan that comes

It was a disappointment that turned her resolve to steel. Yet

Penny Way beat all male rivals

for a place at the Games but was forced to withdraw when

sail harnesses were disallowed.

Without that extra leverage a

woman weighing, say, 18kg less than her male opponents

each location has its own special problems. Barcelona, ironi-cally, has such light breezes that some of the male boardsallors, such as Barrie Edgington, have been fasting to bring their weight down to the class minimum. Keeping the board moving is expected to be more of a problem than keeping it upright in the likely winds of under 10 knots.

But the real demon of Port Olimpic is a course that starts and finishes within 100 metres of the massive harbour wall did Port Olimpic, she seems Even in average winds, this calm and confident. For me creates a unique I metre-high creates a unique I metre-high this year the world ranking list wave, a chop in which vital is not important. Only the starting and finishing manoeu-

During acclimatisation sailing in June, the board sailors

lay-out is that television wants to be able to cover the boardsalling, with the starts and fin-ishes held closer to the cameras than some of the track and field events. The harbour wall will also accommodate up to 11,000 spectators, plus hundreds of athletes watching from balconies at the adjacent Olympic village.

A total of 10 races are held for the board-sailors with one discard permitted. There is a gruelling schedule of two contests a day for the first four days, which will involve over 20 miles of racing. The final race is on Sunday. The first day's racing was postponed due to lack of wind.

Way is using a special carbohydrate replacement product to help keep energy levels up while out on the water in temperatures that have consistently been over 30C.

Dehydration is also a real worry. Normally at international board events, coach boats are allowed on to the course to provide water. At the Olympics they are not.

Barcelona sounds tough but compared with most of what Way has already experienced on her route to the Olympics sharks under the board in Florida, a mugging in Brazil - she ought to be able to handle it.

"I don't want to turn round after 1992 and have any regrets," she told me "Whatfrom year-round travel. Historical it to performing a balever the result it's essential Four years ago her build let on a bucking narrow beam. that I know afterwards that I counted her out of the Seoul . The reason for the daunting gave it everything I had."

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he telephone call came out of the blue for John Wells, works engineer at William Blythe, the Lancashire chemical company. It was Hapton Primary School, asking whether his company could help with a history

That casual call five years ago has taken Wells deep into the edu-cation system. He has built up contacts with other schools, helped establish a formal partnership between the business community and local schools, become involved in the local training and enterprise council, has drawn the Chemical **Industry Association into contact**

with primary schools.

It was no simple act of charity.

Wells goes so far as to claim that links with education will "enable us to carry on as an industry". Chemi-cal companies, he reckons, have to have friends, and must keep an eye on the environmental issues sur-

rounding their business. Wells and others like him on both sides of the Atlantic are twisting back to front the old maxim, "Before a company can do good, it must do well". What once was deemed philanthropy is gradually becoming an integral part of busi-ness. Hesitantly, companies are becoming involved in education. They feel forced to act by the twin pressures of heightened demand for. technological skills and the perception that the education system is. faltering. They are conscious that their case for commercial freedom goes by default if they do not articulate it. To do well a company needs to do good.

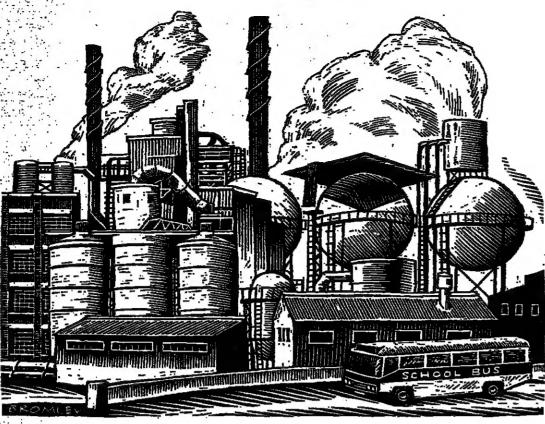
"Coping effectively with resource needs and tensions introduced by technological and educational change...will require partnership between education, business, government and the wider community", wrote Michael Heron, director of Unilever, the Anglo-Dutch house-hold products and foods group.

However, the immediate motives of companies are varied. This became clear at a recent conference organised in Birmingham by the Warwick University centre for education and industry and the School Curriculum Industry Partnership, two of the many organisations seek-ing to link the worlds of business and education.

In the US, said Chris Marsden, British Fetroleum's head of educa-tional affairs, "the emphasis is on combating inner city deprivation and on school improvement pro-

Indeed, according to David Goodman, vice-president corporate affairs at Clorox, the Oakland chemical group, "US companies spend \$40bn on remedial programmes for employees" - money which is siphoned off from other investPaul Cheeseright explains why business is taking more than a passing interest in education

Back to school for companies



The emphasis in continental Europe is different. It is "on initial vocational education and transition between education and work", Marsden suggested. More particularly, in Sweden, observed Bjorn Grunewald, director of the Federation of Swedish Industry, the approach is altruistic and practical: Companies which are active get recruits more easily - and they find it cheaper to recruit."

The focus in the UK, Australia and New Zealand, said Marsden, "has been on reversing an anti-industry culture and introducing more vocational relevance to the school curriculum".

Oddly, though, UK schools may well be more active in this than UK companies: it is estimated that

while 90 per cent of the schools have established links with industry, just 10 per cent of companies are involved with a school.

■ o be effective, a company's education initiatives must come from the top. Thus large companies such as BP, Rover, the cars group, Whit-bread, the brewer, and Kingfisher, the retailing group, all have carefully drawn up and publicised policy statements which set out what they want to achieve. Indeed, Kingfisher, for example, recruited Ms Carol Kay, the former headmistress of Haberdashers Askes Girls' School in south-east London, to draw up a policy and clarify the group's activi-ties.

The policies cover myriad activities. Ms Augie Rodriguez-Diaz, program manager of the Digital Equipment Corporation, the computer group, has an office in a school at Chelsea, Massachusetts. Here DEC volunteers help with teaching English to ethnic minority youngsters or adopt a pupil, in a scheme called mentoring, to create an indi-vidual relationship which can act as a partial substitute for the absence

of family support. Clorox, working with the local chamber of commerce, carried out a survey of the library needs of the 100 schools in Oakland, California. and then devised a programme which meant that each school could refurbish its library at a cost of

In the UK, support for schools has tended to take a different form. The aim generally has been to support and embellish the national curriculum rather than to prop up the school system as such.

Thus, Rover has centres at its plants where school pupils can come with their teachers to work on projects which contribute to their classroom work on the curriculum. And the British paper industry,

with the School Curriculum Industry Partnership, has devised material for classroom use that adds an industrial dimension to the sylla-

At the same time, increasing emphasis is laid on work experience giving students a taste of industrial training and commercial life. Sometimes work experience and training become part of formal contracts, called compacts, between employers and educational institu-

North-west London is an example where a compact started with five schools and supported by around 80 companies as diverse as Boots, the chemist, Midland Bank, Bovis Construction and United Biscuits.

What is in it for the companies? For BP, acknowledged Marsden, it is "the licence to operate", calling up the example of a chemical plant in a west Glamorgan housing estate, where there is "a level of community understanding" about the activities of the plant. "Links to the school fed back to the community," he said.

There can also be direct commer-cial benefits. Ms Rodriguez-Diaz noted that DEC's activities in Chelsea were started as a pilot scheme. Now, she added, "we think we have a model which we could package and sell".

She also believed that the DEC employees who took part would emerge as better managers. That is, if the DEC employees can succeed in bringing skills back into the workforce, they can manage better within the corporation.

"Our direct payback," said Goodman, "takes the form of making our own employees feel closer to the company." This is achieved by the company supporting financially the organisations to which Clorox employees give their time - in other words, everybody is in this together. Employees who feel good about their company are better employees, Goodman observed.

Wells believed, too, that activity in the community helped managers develop. "It helps me to understand the young people we might

At the same time it keeps him in touch with the turmoil in the British education and training system - the complexities of national voca-tional qualifications, for example. Dr Michael McGannon warns holidaymakers about seeking a place in the sun

Cool it and save your skin



definition of a sunburn. complete with sandy sheets a blisters, you should think complete with sandy sheets and

your skin. Without an intact healthy epidermis your hours would be numbered. Whether in the Mediterranean or in the back garden in Wimbledon, you should confine the roasted meat to the barbecue.

Your skin comprises three layers: the epidermis (the outermost waterproofing which prevents fluid loss and toxin entry), the dermis (a mixture of nerve cells, tissue, glands and blood and lymph channels), and the subcutaneous tissue (which cushions the outer layers from the underlying bone and muscle).

It is the body's largest organ. and is a breathing first-line defence against infection. Any rupture attracts a ferocious immunologic response. If the invader penetrates beyond the skin, the battle is half over. It also helps cool the body by dilating the vessels to cool the surface blood and by excreting sweat. When exposed to mild radiation, it can produce the precursor to Vitamin D, which helps the body absorb calcium.

There are two types of ultraviolet (UV) rays; the first, UV-A, the alleged "safe" UV, can pass through eyelids, and penetrates into the dermal layer. hair follicles and underlying subcutaneous tissue, causing ageing of these tissues (wrinkles, freckles, ageing spots). The tan obtained this way will not protect you from the burning effects of the sun.

The other ultraviolet rays, UV-B, penetrate the layers of the epidermis and upper dermis, stimulating the production of a hard protective substance, keratin, which thickens the skin. These are the rays believed to cause cancer and burning. You can take advantage of the

sun this summer by knowing when the sun's UV rays will be most intense and protecting yourself and your children

accordingly.

Because UV rays are filtered by the atmosphere, their strength depends on the location and the time of day. Your skin will absorb less intense UV rays in the morning and in the evening (more atmospheric gases to pass through), and in the winter. According to Dr John Reeves, professor of dermatology at San Francisco School of Medicine, about 65 per cent of burning rays strike the ground during the four hours

around noon. The rays also intensify with altitude: for every 330 metres, there is a 5 per cent increase. and snow can reflect up to 100 per cent more (sand and water reflect up to 20 per cent more

As for your children, watch them carefully. Dr Reeves believes 75 per cent of lifetime sun exposure occurs before the

Sunscreens are de rigueur on beaches and boats this summer, as are hats. UV protective eyeglasses, and clothing. But which Sun Protective Factor

(SPF)? SPF2 will protect against about 50 per cent UV-B, SPF4 against 75 per cent and SPF15 against 94 per cent. All sunscreens protect primarily against UV-B, so that the rays causing premature ageing.

UV-A, are unimpeded. The sunscreen manufacturers are researching some effective UV-A blockers. The UV Warning Badge - one of the most promising recent innovations is applied to the skin and changes colour to warn that it is time to cover up.

Once the the skin is red and painful it comes down to damage control. Cool compresses and aspirin might help a little; better still, learn to enjoy the sun without getting

The author is the medical director of the Insead Business Health

First we transport sewage. Then we transform it.

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While being a leading manufacturer of pipes, pumps and agricultural machinery, Kubota has always been involved in environmental issues, especially those regarding the reduction and conversion of garbage, sewage sludge, and



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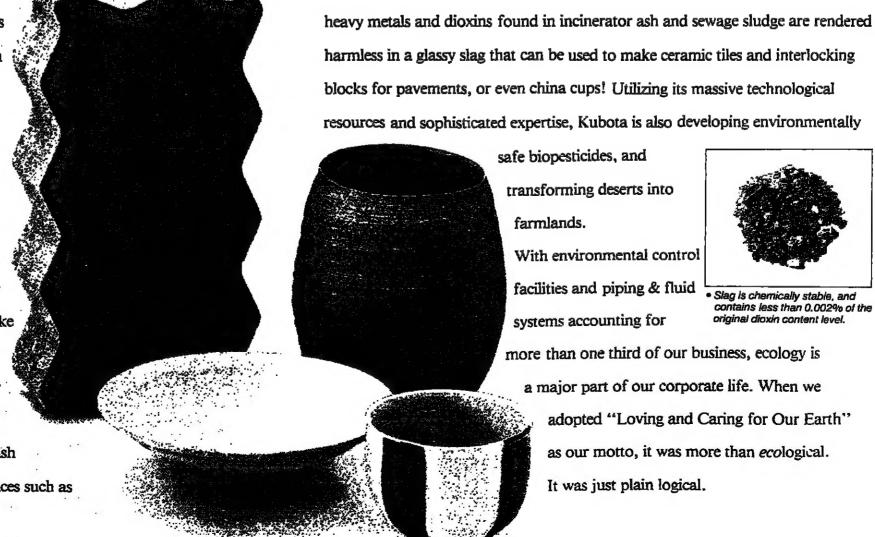
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industrial waste. Kubota's Surface Melting Furnace is one example of our commitment to make

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and safer planet. Used at sewage treatment plants or municipal solid waste incineration plants, this

technology converts sewage sludge and incinerator ash into molten slag that is non-polluting. Toxic substances such as



harmless in a glassy slag that can be used to make ceramic tiles and interlocking blocks for pavements, or even china cups! Utilizing its massive technological resources and sophisticated expertise, Kubota is also developing environmentally

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That is probably mistaken, though it is hard to argue the contrary because virtually nothing has happened in the meantime to prove that it was worthwhile.

Indeed, from the businessman's point of view, it is difficult to see what relevance the summit has at all. Most of it consisted of wrangles about environmental aid to the Third World and the ins and outs of bio-diversity, something few people had even heard of before Rio.

Yet the presumption must be that Rio will have some sort of impact. There were, after all, more than 100 heads of state or government there. They put their names to several documents, two of which will become international treaties with legal force. So what should the pru-

dent business person prepare for? Broadly, Rio should give a higher prominence to environmental matters on the political agenda, though that is hard to imagine at the moment. The recessionary facts of life in most economies and the growing resistance to regulation make environmental concerns something of a luxury. If one assumes, however, that the industrial world will eventually emerge from recession, the cost of Rio will begin to seem affordable. The resumption of growth will also rekindle anxieties about pollution and waste. Eventually, greenery may loom very large indeed.

The UK, in its role as president of the EC, is already trying to chivvy other industrial countries into giving Rio decisions a "prompt start"

As the Earth Summit furore fades to a murmur, **David** Lascelles assesses the several treaties' practical effects

Hot air in Rio sows green seed

with an eight-point action plan to ratify agreements and to organise further implementation.

Rio may not have supplied many answers, but it certainly clarified the questions. Policymakers, gov-ernment officials, the green lobby and the media are much better informed about the issues than only a year ago, and they have become much more receptive to the case for international action. All the signa-tories to the treaties implicitly yielded some sovereignty to the rest of the world. That means that the UK may be forced by its treaty obligations to introduce pollution controls or to grant aid to support the global environmental cause.

Looking at the specific commit-ments made in Rio, many were merely restatements of worthy goals, but several may have a business impact. Among the more noteworthy are the following: • The polluter pays. This was ognised as the guiding principle

in allocating clean-up costs. Countries committed themselves to discouraging or preventing the

ardous activities to other countries. The "precautionary approach". Lack of full scientific certainty should not be a reason for delaying environmental action.

 More information to be made available to the public about haz-

result from Rio is the international treaty on climate change. That imposes an obligation on signatories to draw up plans to limit emissions of greenhouse gases which are believed to damage the climate. Although it took a watered down

The presumption must be that the summit will have some impact. More than 100 heads of state or government put their names to several documents, two of which will become international treaties. So what should

the prudent business person prepare for?

ardous materials and activities, Closer integration of environmental considerations into government decision-making.

 Tighter controls on international traffic in hazardous wastes. Promotion of environmentally sound waste disposal and re-use. Promotion of scientific and technological work, and of codes of

Potentially the most significant

form, the fact that a treaty was agreed at all underlines the strength of global concern. The treaty may lead to much tougher controls on energy use, carbon emissions and dirty industries. Its potential impact concerns not only industry but the whole transport sector and the home.

The effect is only potential because the treaty contains no deadlines or targets. However, it

has already prompted many countries, including all EC members, to say in Rio that they intended to do much better than that. Being a nitty gritty measure, its results should be easier to gauge.

The second treaty - on bio-diversity - is much more specialised. It is of great interest to businesses such as pharmaceuticals or biotechnology, and to the research industry as it contains legal measures to protect plant and animal life, and it also lays down rights to commercial exploitation.

The Rio summit produced another much-bandied phrase: "sustainable development". That is the principle whereby economic growth should not impair the world's resources for future generations. In theory this sounds very worthy, and if carried through to its logical conclusion it could have a major effect on business. For example, it could lead to the introduction of "eco-accounting" and oblige companies to account for the full environmental cost of their activities.

Sustainable development, however, may be a flawed concept, if not an actual contradiction in terms, since economic growth has to consume resources., It therefore seems highly unlikely that this will mean an early shift to eco-accounting. Certainly none of the industrial countries at Rio was proposing any of the legal moves that would be necessary precursors. Few businesses will notice any

immediate changes. The summit may make itself felt over time. The regulatory screw will be steadily tightened, government policy will acquire a greener tinge, and actions will begin to be taken for global, rather than purely national, causes.



ant a lesson on how not to manage an environmen-tally sensitive investment in the American tropics? Take a leaf out of Stone Container's Hon-

duras casebook. At the end of February, the head of the Honduran Forestry Corporation, Porfirio Lobo, abandoned a controversial plan to cede 216,000 hectares of pine forest bordering the River Platano Reserve in La Mosquitia (of "Mosquito Coast" fame) to the big Chicago-based

paper company. For Gustavo Morales, Stone's Honduran representative, formerly a senior adviser to Lobo, the can cellation brought a mixture of disappointment and relief. "It saddens me, because the opposition told a lot of lies, and it was a good deal for Honduras." On the other hand, after he appeared on television supporting the proposal, he received death threats from a guerrilla group, and had to have his children escorted to school by armed guards.

Mosquito Coast bites developers back

Ian Walker on how secrecy and lack of guarantees sabotaged a Honduran forest project

The architects of the deal - originally conceived in mid-1991 with the personal support of Honduran president, Rafael Callejas - had been taken by surprise by the passion and scope of local opposition

The opposition was led by environmentalists, who were concerned about the deforestation and erosion linked to logging. They were worried too about the future of the River Platano Reserve, an area of broad-leaved forest defined as a site of world importance. They had support from US and European campaigners, who picketed Stone's offices, aiming to mar the company's promotion of a clean image which was largely based on its recycling activity in the US.

that Stone's Florida paper plants had been fined for effluent violations set heads nodding in Honduras, where plans to dispose of toxic waste from the US have made the headlines several times in the last

Local opponents also included the Association of Sawmill Operators, which said that the agreement flouted a 1974 law requiring 51 per cent local participation in forest enterprises. The opposition, however, extended far beyond the usual range of interest groups and lobbyists, providing a rare victory for popular activism in Honduran gov-ernment decision-making. The company launched a publiccame too late to save a project that was seen as a vehicle to dig the company out of debt problems. Stone had negotiated too good a deal. As it carried a presidential imprimatur, a quick deal was seen by Honduran officials as likely to yield more favours at the top than an agreement more flercely negoti-

The proposed 40-year term of the agreement, though chosen essentially as the period needed to regenerate the pine forest, was particularly damaging, because it evoked timber concessions ceded by corrupt military governments early in the century.

Amid the furore, the details of

the proposal were easily lost from

Although no industrial plant was — ity campaign in January, but it — sight: the more so, because the gov-planned for La Mosquitia, reports — came too late to save a project that — erament never authorised the pubernment never authorised the publication of a Master Agreement signed in September. A clumsy draft version which suggested incorrectly that the government would itself undertake most of the infrastructure work associated with the project was widely leaked. Most of this was already built and the company itself was financing what extra infrastructure was

supervise local sawmills, applying

The proposal did not involve logging in the hardwood forest. The company, which needs wood-

and a barge port. The plan involved the creation of 3,000 jobs, mainly waste collection and firewatching. Unemployment in the region is estimated at 80 per cent, and most Mosquitians welcomed the deal.

board production throughout Hon-duras. An estimated 40 per cent of the potential of the forest is wasted at present. Finally, Stone was to give technical advice to private landowners throughout the country on referestation for commercial harvesting in areas destroyed by

marginal agriculture and ranching. "Honduras has tremendous for-estry potential," says Morales, "but if it isn't used it will be destroyed." The country has seen its forest area decline from 7.4m hectares in 1974 to 4.5m in the late 1980s, largely as the result of 'slash and burn' agriculture on the forest margins. In the Mosquitia, Nicaraguan

migrants fleeing the Contra war in the 1980s added to the pressure. Also, the national logging industry has a poor record on reforestation. In parallel with the decline in the forest stock, wood exports (almost entirely pine) have declined from 114,000 board feet in 1980 to 31,250 board feet in 1991.

Many Honduran ecologists accept the principle of sustainable economic exploitation of the forest, Their opposition to Stone was based on the suspicion, fuelled by the secrecy surrounding the agree ment, that it was badly negotiated and lacked adequate environmental

FT LAW REPORTS

Lloyd's review is set aside

REGINA V LLOYD'S AND OTHERS, EX PARTE BRIGGS AND OTHERS Queen's Bench Division (Divisional Court): Lord Justice Leggatt and Mr Justice Popplewell:

July 17 1992

LEAVE TO apply for judicial review will be set aside if the application for leave was out of time and counsel failed to apply to extend time, and if leave would not in any event have been granted had counsel disclosed that the parties and issues overlapped with those of earlier parallel proceedings.

The Divisional Court so held when granting an application by the Corporation of Lloyd's and others to set aside leave granted ex parte by Mr Justice Potts to six Lloyd's Names, Mr FC Briggs and others, to apply for judicial review to quash cash call statements and auditors' reports issued by Lloyd's.

LORD JUSTICE Leggatt said that on May 19 1992 the six Lloyd's Names including Mr Briggs obtained ex parte from Mr Justice Potts leave to apply for judicial review against Lloyd's, its committee, chairman, deputy chairman and a company called GW Run-Off

In earlier parallel proceedings by representatives of 800 Lloyd's Names against members' agents, Mr Justice Saville had refused applications for interlocutory injunctions to restrain the agents from drawing down on the applicants' deposits. He took the view that on the material before him there was no legal basis for restraint.

Lloyd's now applied to set aside the leave granted by Mr Justice Potts.

Rules of Court required that an application for leave must be made within three months. The application was to quash cash call statements and auditors' reports, all issued more than three months before May 19. The Names were out of time and no application was made to extend time.

The first main ground for applying to set aside was that

the Names did not make full and frank disclosure of the overlap between the present proceedings and those that had been before Mr Justice Saville. At the beginning of the hearing Mr Justice Potts asked the earlier proceedings, of which he had learned from newspaper reports.

Counsel asserted that the applicants were wholly different and that there could be no overlap of issues because the proceedings before Mr Justice Saville concerned private law rights, whereas the present proceedings concerned public

He did not know that any of the present Names were parties to the earlier action. Because no hint of overlap was given he took it as implicit that there was no overlap. He failed sufficiently to comply with his duty to the court.

With regard to private and public law wrongs, he "considered that the issues raised could not directly overlap". But that proceeded on a superficial comparison between the two actions, and a failure to analyse the issues

properly.
Three of the Names were plaintiffs before Mr Justice Saville.

Counsel made no enquiry to

ascertain, as was an obvious possibility, whether there was any overlap of parties. His assumption that there was no overlap was wholly unjustified.

On the present application to set aside, Mr Colman for the Names was obliged to accept that there was non-disclosure or misrepresentation to Mr Justice Potts in three respects: duplication of identity of three plaintiffs in the earlier action and three Names in the present proceedings; overlap of issues: and participation by Mr Briggs, before the hearing, in the voluntary draw-down pro-

In relation to each, however, he contended that the misrepresentation was immaterial. Where an extension of time was necessary in which to

cedure.

apply for judicial review there was an obligation on counsel to apply for it. If a judge gave leave, he was not to be taken by implication to have extended time.

The relevance of the fact that three of the Names had been plaintiffs in the other action was that if Mr Justice Potts had realised they were common to both sets of proceedings he would obviously have considered carefully the content of Mr Justice Saville's

If he had read the judgment, he would have realised the

issues were kindred, and that the remedies sought were similar in effect In those circumstances it

was unlikely he would have given leave, especially when he realised that Mr Briggs had already submitted voluntarily to the draw-down system. The second main ground for

the application to set aside was Mr Colman's abandonment of the essential case by which the Names had been successful. Before Mr Justice Potts.

counsel had argued that the Lloyd's regulators had used their discretionary powers contrary to the policy and objects of the private Act which vested them with their statutory powers, in particular the Lloyd's Act 1871, section 10.

Mr Colman sought to have the application treated as though founded on a wholly new case not hitherto considered.

He contended that although there was no overriding duty owed by Lloyd's to the Names. it owed different duties to different groups - policyholders, brokers, agents and names . and that it was its responsibility to strike a balance between the duties owed so as to protect the interests of each group.

But it was unclear why and in what respects the cash call system demonstrated such failure to look out for the interests of Names as to attract judicial

No bad faith was imputed: there had been no failure to exercise statutory power fairly: Lloyd's had not paid regard to irrelevant considerations or falled to pay regard to relevant considerations; its decision had not been made with manifest unreasonableness; and there had been no failure to observe

proportionality. Since the main ground on which leave was obtained had been abandoned, unless the court were to exercise its discretion with untoward beneficence, the leave thus obtained must be set aside.

The third ground for applying to set aside was that the names' motion was doomed to failure or was not seriously arguable.

Mr Colman argued that Lloyd's had by its conduct under its "old system" given rise to a legitimate expectation in the minds of Names that the same specificity in the sums of money required by cash call statements and the same 30day notice to draw-down, as

opposed to the revised practice of accelerated draw-down, would continue to be given. None of the Names was shown to have conducted himsalf in consequence of his knowledge of the old practice. or on an assumption that it would continue.

Styling the Names' complaints as "legitimate expectations" did not so alter their character as to permit the invocation of public law remedies by way of judicial review.

The fourth ground for applying to set aside was that, because the rights relied on and the remedies invoked were not in truth matters of public law. Lloyd's was not in this context amenable to judicial review.

Even if Lloyd's did perform public functions - for example, for the protection of policyholders - the rights relied on in the present proceedings related exclusively to the contract governing the relation-ship between Names and their members' agents, and in some instances their managing

That had nothing to do with public law.

Lloyd's operated within one section of the market. Its powers were derived from a private Act which did not extend to any persons in the insurance business other than those who wished to operate in the section of the market governed by Lloyd's, and who committed themselves by contract.

Neither the evidence nor the submissions suggested that there was such a public ele ment about the relationship between Lloyd's and the Names as to place it within the public domain and render it susceptible to judicial review. Most of the submissions

made by Lloyd's in seeking to set aside, led to the same conclusion - for a variety of rea sons Mr Justice Potts would not have granted leave had he been told what he should have been told about the earlier pro-Leave to apply for judicial review was set aside.

For Lloyd's: Gordon Pollock QC. Mark Havelock-Allan and

September, it is to have a new Alison Foster (Lloyd's solicitors) director in Iain Livingston. For the names: Anthony Colman QC [who did not appear in the court below] and Richard Livingston, presently managing director of the Gordon (Bentleys Stokes & **US-owned Butler Service** Group international division. a company providing contract technical services, was

Rachel Davies Barrister | previously with Rank Xerox

By the agreement Stone was to

sustainable exploitation techniques developed in the US. Stone would buy the residues unsuitable for board production and ship them to a new chip-mili to be built at the northern port of Puerto Castilla.

chip to supply its US paper plants, was to invest \$25m in the chip mill

The agreement also proposed that Stone buy wood unsuitable for

PEOPLE

Hue Williams moves to Guinness Mahon

Charles Hue Williams, who resigned from Kleinwort Benson Securities in October 1990 after one of his "bought" deals went terribly wrong, has resur-faced at Guinness Mahon, the Japanese-owned merchant banking group.

He has joined the board of Guinness Mahon's agency broking business. Henderson Crosthwaite Institutional Brokers. A former partner of jobbers Wedd Durlacher and joint managing director of Kleinwort Benson Securities, Hue Williams, 49, is well known in the City and used to be regarded as one of the big players in the oil share market.

■ Ken Young, deputy chairman

vesterday named non-executive

chairman of the Student Loans

Company, which administers

the government's student loan

of the Post Office, was

programme. He replaces Malcolm Huriston who

in the position.

resigned unexpectedly last

month, after less than a year

Young has been on the Post Office Board since 1972, during

which time he served variously

as chairman of Girobank, of

Post Office Counters and of

chairman of the Roehampton

Post Office he had been group

personnel manager at General

Electric. Education secretary

we are confident that under

his guidance the company will

go from strength to strength".

John Patten said yesterday

Huriston, who resigned

"because of the pressure of

his other busines

commitments", is an

independent corporate

consultant specialising in

consumer credit and public

■ Total quality management

may not be a phrase which

commuters readily associate

something that has been going

on within the corporation for

with British Rall, but it is

four years now: and from

Network SouthEast

Institute. Before joining the

Post Office Subscription

Services. He is currently

securities houses, Hue Williams' new employer does not make markets in shares so he will have to content himself with concentrating on developing Henderson Crosthwaite's institutional research, broking and corporate finance activities in the energy sector.

The hope is that with Hue Williams' connections, Henderson Crosthwaite will be able to make the same sort of mark in the energy sector as it has in areas such as food manufacturing where its research team is highly regarded.

Hue Williams is the second high profile appointment made

(UK), a pioneer in total quality

He takes charge of BR's

phase gets under way. A

TQM programme as its second

quality process programme is in place, with pilot projects throughout the railway aiming

to improve performance. Each

TQM directorate responsible for quality audits, the creation

of the rail businesses has a

of quality systems, and

Burdsall, who moved to

round of changes.

freight

training. The ultimate aim

is to improve the service to

customers, both passenger and

Livingston replaces Brian

become director of the East

Coast Main Line in an earlier

The change of emphasis at

McKechnie, away from metal

Kembery resigning from the

board with effect from July

31. He is replaced by Derry

McKechnie saw through the

disposal of the metals business

training whose experience with

the company has largely been

on that side, stayed on to help

according to chief executive

been at McKechnie since 1981.

Hanratty, who counts 20

years with the company, had

been managing director of

Harrison Drape, the window

furnishings operation within

the group, before heading the

consumer products division.

promotion he takes on the

specialist engineering

With his forthcoming

Michael Ost. Kembery has

Hanratty, who is being

some 18 months ago. But

smooth the transition,

Kembery, a metallurgist by

promoted internally.

components and towards

plastics, has led to John

Unlike the big integrated by David Potter, who took over as Chief executive of the lossmaking Guinness Mahon in October 1990. A few weeks ago he recruited

Kevin Kenny, a former chief executive of Tyndall Holdings, to be director of international private banking. Potter believes that if small merchant banks are to succeed in this climate they need a dozen or so good people, like Hue Williams,

at the top.

Hue Williams has been absent from the City since. Kleinwort Benson lost £35m on a 29.7 per cent stake in Premier Consolidated Oilfields. Hue Williams' team bought the

sell them on at a premium. Unfortunately, the market started falling and after several months the shares were placed

They are now trading at 15p. "Everyone makes mistakes," says Potter who admires Hue Williams' decision to accept the blame and resign from Kleinwort, Hue Williams, he says, is a "man of absolute"

However, he has no fears

that Guinness Mahon might be hurt by a repeat of the Premier débacle. "We are not a marketmaker, we have set our face against it."

chairman of National Mutual Life Assurance Society, has been appointed a director of BARING TRIBUNE INVESTMENT TRUST.

■ Nicholas Wills, deputy



treasurer of the YORKSHIRE BUILDING SOCIETY, has been appointed to its executive. CHARTERED WESTLB has appointed William Hayes mid of the developing country finance group, based in New York, David Oison md of North

American corporate finance, Alan Parker, former Holiday Im Worldwide senior vice-president and managing director for Europe, Middle East and Africa, is joining the

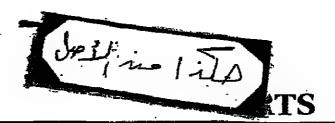
He succeeds Tim Rowan Robinson who left the company earlier this year. Before joining Holiday Inn in 1988, Parker, 45, was managing director of Crest Hotels' continental European operations. He was also sales and marketing director at Thistie Hotels for eight years. Whithread's 88 hotels include Country Club, Lansburys and Travel Inns.

Whithread group of hotels as

managing director.

Finance moves based in New York, Ernst von Fischer and Andrew Lee directors, corporate finance, based in Berlin and London, respectively, and Rupert Fordham and Ian Tweedley directors in the developing country finance group, based in London and New York, respectively. ■ Grant Woods has been appointed a director of TOUCHE REMNANT Investment Management. Tom Ford, chief executive, capital markets division. Stuart Mackenzie, chief executive, money markets division, and David Satchell. chief executive, foreign exchange division, of Harlow Butler Ueda, have been appointed to the board of HARLOW BUTLER HOLDINGS Ltd, part of MAL ■ Gary Lowe, previously a senior director of Fidelity Investments, has been appointed a director of MERCURY ASSET MANAGEMENT and of Warburg Asset Management





Television/Patricia Morison

Thoroughbreds and old nags

OPPY though it may seem, the week's most enjoyable viewing for me was The Peruolan Paso Harse (Saturday, C4). A paso is native to Peru, a chunky little horse which throws its front legs out like a swimmer doing butterfly. Unfortunately, this beautifully filmed documentary was shown at tea-time, which was nice for younger members of the Pony Club but meant that most adult horse-lovers - not a small constituency - missed a treat.

Prime-time animal programmes tend to be grittierand altogether worthier. They extinction of a species, or confront us with shots of humans doing beastly things to animals poachers sawing off elephants' feet, abattoirs, vivisec tion, etc. Alternatively, wildlife films show animals doing ghastly things to each other, to maintain what an older generation of film-maker used to callthe "balance of nature".

In contrast, the hymn to the paso appeared distinctly effect; an hour-long rhapsody about a thriving and wholly artificial breed designed to give the Peruvian land-owning class an even smoother ride through life. The paso descends from bloodstock brought to Peru by Pizarro in 1531, and thence from the famed Spanish jennets of the middle ages. Centu-ries of breeding have produced a sweet-tempered horse like an equine mattress and easily capable of 40 miles a day around the hacienda. So smooth is a paso that a poncho-clad chap was shown riding at speed with a full cham-pagne glass in his hand. Very useful at a Boxing Day

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Total Silver Maria Silver Total

meet... Horses give the best performances in The Riders of the Dawn (Thursday on C4), the terrible yet mildly addictive Spanish drama series set in a health spa in Civil War Spain. Black thoroughbreds pound;

threatens the story-line. They symbolise raw nature plus the untamed recesses of the Spanish soul Every human member of the

cast belongs to the jamon school of acting although to be charitable, the poor dears are hindered by a farcical plot, a Spanish version of Cold Comfort Farm crossed with Gone With the Wind. It is served with liberal dollops of sex, for one and two players. Subtitles make the staccato script quite ludicrous? An old gentleman puffs into the Spa. "It's getting hot out there", he opines. The weather? query the inmates "No, the political situation."

have stuck with this amusing tosh, curious to find out what happens to the web fingered daughter they chained up in the cellar. But interest has flagged since the Republicans shot her hermit dad in the balls. He was wonderful, a prophesying nutcase who answered the prayers of barren ladies without

recourse to the supernatural.

Franco, Behind the Myth
(Thursday, BBC1) was disappointing, almost inevitably given that producer Anthony Geffen compressed Franco's entire life late one hour. Surely Franco's importance merits the fuller treatment recently, and memorably, accorded to Stalin? Jonathan Dimbleby suavely presented an interesting portrait of El Caudillo thanks to archive film and interviewees who included Franco's daughter, his niece, and Eisenhower's interpreter. who recalled how entranced the President was in Madrid in 1959 by well-staged mass expressions of love for their

But by the standards of the best television histories, Franco failed: Its premise was that in contemporary Spain, Franco's memory has been wiped out by an act of collective amnesia. Several times. Dimbleby made this striking assertion - but the evidence every time terminal wilt to back it up was missing. It is



Easy rider, champagne at the gallop in "The Peruvian

myth" around a historical figure but it is quite another and indeed something of a con-tradiction - to assert that he has been forgotten or expunged. If this is the case with Franco within Spain, who then is responsible for unearthing the new material which gave this documentary its particular interest?

Take the film of Franco's speech of loyalty to the Axis in late 1940. Found "very recently", it argues powerfully against the Françoist view that the General strove to keep Germany at arm's length. Who found the film, and is its significance really ignored in Spain? A second hour and some academic talking heads would have given this ambitious film

The excellent documentary series, Invisible Enemies (Sunday, C4) provided the most alarming information of the week. Do not est oysters in Alabama, or you could catch cholera. Do not sleep on the ground in California, or you may catch bubonic plague. Far from dying out, the Black Death is on the loose in the US and the more our lifestyles change, even for the better, the greater the risk from disease.

Few tropes are more enrag-ing than the journalist on a voyage of self-discovery.

Searching for a Killer got the
latest run of Video Diaries
(BBC2 Saturday) off to a teethgrinding start. Innocent Geoff-rey Smith clearly has trouble with the concept of military dictatorship. In 1987, he was unlucky enough to get shot in the leg during a horrendous massacre at a polling-station in Haiti. The experience gave Mr Smith bad dreams, so he decided to go back to confront his would-be killer.

How strange, no one in Portau-Prince was anxious to help with nice Mr Smith's enquiries. But did he really think Haiti is like Clacton-on-Sea? Presumably he was working as a newsman in 1987, or how else did he come to be surveying the freshly killed bodies with the international press corps and then cop it in the leg when the gunman returned?

The film dwelt at quite unnecessary length on CBS footage of the corpses in the school. A brave dissident provided Smith with film of bodies executed by the police and dumped on waste-ground, which sent the intrepid Mr corpses. Damn it, someone had moved them.

Cheap thrills and a grotesque level of disingenuity made this one of the most nauseating programmes I have seen. Smith played out his emotions for the camera, being frightened for his own skin as gunfire echoed through the night, being ever so sorry for two burglars executed for robbing his apartment.

As he complained to his friend, the wise voodoo priest, he never got his Walkman back. But at least he got those precious videotapes home film which presumably will earn him as much as the average Haitian earns in years. So was all worth it. Mr Smith's bad dreams have stopped and he can rehnild his new life. Meanwhile, how are his unfortunate friends and contacts doing, back in Port-au-Prince?

Die glückliche Hand

CHOENBERG'S 1913 "drama with music" Die glückliche Hand added on Monday another brilliantly polished item to the schedule of operas-in-concert at this vear's Proms. It calls for a baritone protagonist, two mimes, chorus, enormous orchestra and offstage band, and was intended to be mounted with a paraphernalia of stagecraft so complicated that long stage directions accompany almost every bar of the score. A key factor in the genesis was the

elopement in 1908 of Schoenberg's first wife with the painter Gerstl: how typi-cal of the composer's ruthless honesty in self-analysis to discover in his own wounded psyche the raw material for music-drama of this kind, and then to clothe the experience in sonorities of many-layered texture. In many ways it remains the musico-dramatic Expressionist Handbook, a vision of several arts uniting in the depiction of extreme

Twenty or so minutes of its passage

times attempts have been made to bring it to the stage (recently, for instance, by the Netherlands Opera) - but these, I submit, are doomed to prove unfaithful to the letter of Schoenberg's text, if not the spirit, During this superbly achieved and finished concert realisation by the BBC Symphony Orchestra and Singers under Oliver Knussen, with David Wilson-Johnson as The Man, I felt once again that the mind's eye, aided and informed by the ear, is probably the ideal location for any

That way, at least, concentration on Schoenberg's tantalisingly tight-packed musical matter can build up without distraction. Knussen's gifts of sympa-thetic elucidation are now all but unequalled among conductors of 20thcentury scores; with masterly confidence he led the orchestra, and the lis-tener, through the labyrinth of motivic relationships, the closely worked developments and cross-references, the webs

I have seldom been so gripped, fasci-nated, deeply stirred. This Gluckliche Hand came at the end of a "difficult" but in fact wildly pleasurable - 20thcentury concert, of a kind only the BBC would now dare promote. Stravinsky's Four Studies, Colin Matthews's rhythmically complex and coruscating, rawly energetic Broken Symmetry (first performed at the Barbican last March) and Elliott Carter's austerely exhibarating Three Occasions were its other parts, all delivered with magnificent authority.

Max Loppert

At Sunday's Prom the Glyndebourne Festival Opera scored its annual triumph, this time with Chaikovsky's The Queen of Spades. With minimal props, Caroline Sharman contrived the 'semi-staging" resourcefully. A surprising amount of the gambling-house action was crammed on to the modest stoping platform; in other

scenes the chorus were represented there by a few token figures, while their colleagues sang from the choir-stalls at either side. The London Philharmonic played in front of them, and Andrew Davis drew brilliant work from them without threatening his singers.

Very little of the drama was lost, thanks above all to Yuri Marusin's wonderfully louche, haunted hero, prowling the platform and its borders like a driven predator The principal ladies. Nancy Gustafson and Felicity Palmer, again made striking impressions; Sergei Leiferkus and Dimitri Kharitonov sang the male aristocrats nobly; Marie Ange Todorovitch lent her lovely, penetrating mezzo to Pauline, and as "Daphnis also partnered Anne Dawson's charming "Chloe" in the Pastorale. With all the lesser roles firmly cast, the performance was wholly rewarding, and tumultuously received.

David Murray

Ballet/Clement Crisp

Blues Suite

LVIN AILEY believed that "dance should primarily be entertainment". His mission was to show the themes and styles of black American dancing to the widest possible public, and it was on the terms of theatre at its most direct, most instantly appealing, that he chose to work,

The reactions of audiences during the present season by the Alley company at the Coliseum shouting, yipping, wildly applauding after each number - indicate how immediate is the effect of Ailey's troupe upon a public which is not, I suspect, prepared to rise with such open enthuslasm to other large dance companies. It is a response that is given otherwise only to concert performances by the Bolshoy Ballet, where every pirouette and ardent leap wins a cheer. The link lies in the performers' vividly communicated sense of involvement in their roles, and even in the exuberance of their dancing as an expression of identity.

Ailey's sharp sense of theatre - confirmed by his years performing on Broadway - always seemed more sure than his ability to create choreography valid in terms of movement. As we saw on Monday night, when an all-Alley programme became the second and final offering of this Coliseum season, his theatricality constantly rescues his dances.

His early Blues Suite is yet another display of strutting bucks and saucy girls flaunting their charms in that stiff-legged walk that makes them look like exotic birds. The dances are cliches, the characters are stereotypes, but the piece wins its cheers because of the rhythmic bravura of its cast. They preen or slouch, and their steps have an electric speed and a selfmocking wit - are they sending themselves up. or merely the characters they play? - which

So, when Nasha Thomas teases and provokes Don Bellamy in *Backwater Blues*, or Dudley Williams and Raquelle Chavis (mistress of an acutely crutch-sprung walk) stalk each other, we are held, not by the power of the choreography, but by the performers' verve. And, pace W B Yeats, we can know the dancer from

the dance. Alley as commentator upon serious social and racial themes - with Revelations this is probably his most celebrated work - speaks truly in Cry. Designed as a tribute to "Black women everywhere", it is a solo whose patent sincerity outweighs its expressionistic naiveté. Created for Judith Jamison, who now directs the Ailey company, it was danced by Renee Robinson with absolute conviction, and with ar eloquence that avoided bombast or emotional wallowing, Miss Robinson was very fine.

I thought *The River*, the major piece in the evening, perfectly dreadful when it was given by American Ballet Theatre, for whom Alley made it in 1970. It had a commissioned score from Duke Ellington, and a choreographic style that veered between awkward academic writing and the loose-hipped demotic of popular dance. As performed by the Alley dancers, it looks even less appealing, since they do not offer the classic securities with which such ABT artists as Natalya Makarova and Erik Bruhn redeemed choreographic blatancies. Eight numbers chart the course of a river. The mood is by turns soulful or vivacious, and mostly veers towards the cute. The dencers are tremendously energetic - they look as if they are in deep water. Happily, the evening ends with Revelations.

The Alvin Ailey American Dance company continues with this programme at The Coliseum, London, until August 1.



and a revival provide the operatic fare at Aix-en-Provence this summer, all three cast with singers of the first rank. I will later on Alfredo staging of The Rake's Progress as well as on Robert Carsen's much lauded A Midsummer's Night Dream, brought back from last year. The third offering is a Don Giovanni conducted by Armin Jordan and expensively produced by Gior-gio Marini, with Andreas Schmidt in the title role.

An Aix regular assured me that there is always one safe production in the repertory each year, something calculated not to shock or outrage any of the local patrons; this year that is reckoned to be the Giovanni. To me it seems not entirely inoffensive; but those with a low tolerance of dramatic boredom or a dislike of bland musical superficiality would certainly have an uncomfortable experience. Marini's direction plays the action absolutely straight, with glossy 18th-century costumes

and a minimum of extraneous stage business. The sets by Arduino Cantafora are the central interest:

elaborately painted flats of the buildings and grounds of a country estate ascend and descend not only between scenes but regularly during them. There is much play with beautifully detailed trompe l'oell, a succession of faise prosceniums and with mysteriously divisive half-curtains, providing plentiful opportunities for irrelevant peekaboo. The graveyard scene is presented behind a gauze framed like a canvas on which is emblazoned a Magritte-style clockface, which then retreats upstage for the final drama and its painfully tame climax. It is all innocuous enough,

and in the end perfectly unobtrusive; there is no imperative to worry at what it all means. But neither is there anything in the direction of the singers that illuminates or informs. Certainly the performances give no impression of detailed interpretation or a hint of cogent dramatic planning -most of the protagonists could well have imported their stock performances - and in the process the opera's strongest flavours have been leached

First and foremost it is a determinedly unsexy Giovanni, so much so that wonders what on earth he was doing with all those women listed in Leporello's book - playing whist with them, perhaps? - and what he could possibly have done to deserve his ultimate fate. Also it is a version of the opera in which the element of class distinction has been totally obscured. Zerlina and Masetto

seem all of a piece with the

others; even if he has some oddly dressed friends, she appears all elegance and grace. at least the social equal of the Anna and Elvira.

in part that all is a consequence of the casting, for though it is sung with firm, solld tone and technique, Schmidt's Giovanni at the opera's heart is a woefully unchurismatic figure, lacking humour charm and even a flicker of sensual appeal. The character exudes no qualities at all, even negative ones, and against that utterly neutral background a Leporello as engaging as Anton Scharinger's emerges all the sharper, providing the wit and quick intelligence his master appears to lack. With the Anna (Hillevi Martinpelto) and Ottavio (Herbet Lippert) costumed and bewigged like a rococo Tweedledum and Tweedledee, and

an Elvira (Patricia Schuman) much given to scarlet gowns and obsessional wandering across the stage, the Zerlina of Marianne Roerholm has much more chance to carve her own niche. She does it beautifully; though the others sing with care and precision she is the only one to invest her lines with any meaning, to synthesise personality and music

But none of the singers could have been helped by the conducting. Though Jordan was very careful to make the English Chamber Orchestra in the pit articulate every phrase with great precision, he did so at the expense of any forward momentum or variation in dynamics. Some arias (Ottavio's pair especially) almost ground to a halt; others were drilled out when they should have at least hinted at sweet persuasion. It epitomised the whole approach to the opera, a Don Giovanni lacking light and shade, any genuine feeling of perspective rather than the succession of false ones paraded on the stage.



■ AMSTERDAM

Concertgebouw 20.15 Ross Pople conducts the London Festival Orchestra in works by Handel, Malcolm Arnold, Britten and... Vaughan Williams, Fri: Eliv Granados (6718 345)

■ ATHENS ATHENS FESTIVAL

American Ballet Theatre gives four performances at the Odeon of Herodes Atticus this week, opening tonight at 21.00 with a mixed bill including Jerome Robbins' Other Dances and Aurora's Wedding from Sleeping Beauty (repeated tomorrow). The programme on Sat and Sun is Raymonda Act 3, Ashton's 🥣 Symphonic Variations and Glen Telley's Le Sacre du Printemps. Next week: National Theatre of Greece production of Euripides' The Trojan Women (322 1459)

EPIDAURUS FESTIVAL The annual festival of ancient drama in the 14,000-seat

amphitheatre at Epidaurus has plays by Sophocles, Euripides, Aeschylus and Aristophanes on most weekends during the summer. This week's performances (Fri and Sat) of Sophocles Antigone are given by the National Theatre of Greece. Next week: Aeschylus Prometheus Bound. Performances begin at 21.00.

Tickets are available daily at the Athens Festival box office (322 1459), or at the theatre of Epidaurus every Thurs, Fri and Sat (0753-22006)

■ BARCELONA

Gran Teatre del Liceu 21.00 Ramano Gandolfi conducts the Orchestra of the Liceu in a programme of arias and duets. with Giacomo Aragall and Miriam Gauci. Tomorrow: Orchestra and Chorus of Minsk, Fri: Marilyn Horne and Arieen Auger are soloists in a Rossini programme with the Liceu Orchestra. Aug 3-8: Spanish National Ballet (Rambia dels Caputxins 61, tel 412 1198)

■ LONDON

DANCE Covent Garden 19.30 Sylvie Guillem in Natalia Makarova's Royal Ballet production of La Bayadère, also tomorrow (and Sat with Altynal Asylumuratova). Fri: Romeo and Juliet. Royal Ballet season runs till Aug 8

(071-240 1066) Collseum 19.30 Alvin Ailey American Dance Theater. Daily tili Sat (071-240 5258)

Royal Festival Hall 19.30 Ben Stevenson's English National Ballet production of Cinderella. daily till SaL Next week: Coppelia. Aug 10-15: Romeo and Juliet (071-928 8800) Purceil Room 20.00 Shobana Jeyasingh Dance Company in a triple bill incorporating elements of classical Indian dance style. Repeated tomorrow and Fri (071-928 8800)

Barbican 19.30 Count Basie Orchestra, led by tenor-saxophonist Frank Foster.

Tomorrow and Fri: Victor Borge (071-638 8891) Royal Albert Hall 19.30 Libor Pesek conducts the Royal Liverpool Philharmonic Orchestra In works by Dvořák, tves and Sousa. Tomorrow: Gabrieli Consort. Fri: Matthias Barnert conducts the BBCSO. Sat: new work by Richard Rodney Bennett. Sun: John Eliot Gardiner conducts Handel and Goehr (071-823 9998)

CHICHESTER FESTIVAL Tonight's performance is King Lear in New York, Melvyn Bragg's witty and powerful drama (runs till Sep 26, next performances on Aug 1 and 8). Tomorrow: final performance of Christopher Fry's comedy Venus Observed, starring Donald Sinden. Opening on Aug 5: She Stoops to Conquer, Oliver Goldsmith's glorious comedy about love, directed by Pater

Wood. The festival runs till Oct 3 (0243-781312)

■ NEW YORK JAZZ/CABARET Blue Note Jazz Club and Restaurant This week's guest Is soprano saxophonist and fusion groove master George Howard, who has carved a niche over the past decade as one of

the most distinctive voices in contemporary jazz and R&B. Dining (131 West 3rd St near Sixth Avenue, 475 8592). Algonquin Hotel KT Sullivan, who won this year's outstanding female vocalist award in Manhattan, is currently making her debut in the Oak Room. Shows at 21.30 tonight and tomorrow, with an extra show at 23.30 on Fri and Sat. Dining (59 West 44th St, 840 6800). Rainbow & Stars An Irving Berlin revue entitled Say it with Music is currently underway daily except Mon from 21.00. Dining, plus views of the Hudson (30 Rockefeller Plaza, 632 5000).

MUSIC Avery Fisher Hall 20.00 Mostly Mozart Festival: Christoph Eschenbach is conductor and piano soloist in a programme including Beethoven's First Plano Concerto and Zerbinetta's aria from Ariadne auf Naxos, sung by Cynthia Sieden. Tomorrow: Brass spectacular, Fri and Sun: Barry Douglas plays Mozart (875

50301 New York State Theater 20.00 City Opera production of La poheme, with Elizabeth Hymas as Mimi. Tomorrow: La traviata. Fri: 110 in the Shade. Sat matinee: Cav and Pag. Sat evening: Carmen, Sun matinee: La traviata (870 5570)

THEATRE

 The Best of Frobidden Broadway: tenth anniversary edition of Gerard Alessandrini's musical revue, mixing new material with favourite numbers from the past (Theatre East, 211 East 60th St, 838 9090).

 Two Trains Running: August Wilson's latest play, set in a Pittsburgh luncheonette in 1969 (Walter Kerr. 219 West 48th St, 239 6200).

Dancing at Lughnasa: Brian Friel's wistful autobiographical

play with an American cast (Plymouth, 236 West 45th St. 239 Guys and Dolls: a fively production of Frank Loesser's musical, directed by Jerry Zaks (Martin Beck, 302 West 45th St.

 Ticketmaster answers inquiries and sells tickets for Broadway shows (307 4100) and rock/pop concerts (307 7171)

■ PRAGUE

239 62001.

A summer season of concerts has been organised in the city's historic buildings and gardens. Tonight in Wallenstein garden: Czech Brass Quintet in works by Smetana, Verdi, Mozart, Handel and others. Tomorrow afternoon in Church of Maria Virgin of Snow; recital of sacred songs by Vojtech Naiszenec, with works by Dvořák, Bach and Mozart, Tomorrow evening in South Garden of Prague Castle: Prague Wind Quintet In works by Beethoven, Ibert, Hindemith and Czech baroque composers. Advance booking at the Smetana

For pre-booking and information about other events, contact city centre ticket agencies (Bohemia, Na Prikope 16, 228738,

Hall (u Prasne brany 2, 232 5858).

or Melantrich, Wenceslas Square 38 in the passage, 228714). VIENNA

OPERA

and Ravel

The Kammeroper presents its production of Don Giovanni every Wed, Fri and Sat till Aug 15 in the Imperial Gardens of Schönbrunn Palace, with a cast headed by Danish baritone Boje Skovhus, Performances begin at 20.30 (512 0100).

CONCERTS Alexander Rahbari conducts the Belgian Radio Philharmonic Orchestra in tonight's concert at the Konzerthaus, with music by de Boeck, Brahms. Debussy

in tomorrow's programme, Rahbari conducts works by Gottfried von Einem, Saint-Saens and Dvořák. Fri in Rathaus: Mozart programme with the Vienna Academy (4000 8410).

THEATRE Vienna's English Theatre (Josefsgasse 12) has performances of Run for Your Wife, daily elicapt Sun (402-1260)

European Cable and Satellite Business TV

(all follows GET) MONDAY TO PRIDAY

2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin

Super Channel
0830-0900 (Mon) FT East Europe
Report – weekly indepth analysis
from FTTV 2130-2200 (Tuesi Modia Europe — what's new in European media business 2130-2200 (Wed) F7 Business Wookly - global business report with James Bellini 0830-0900 (Thurs) Media Europc 2130-2200 (Thurs) FT Easiern Europe Report 0830-0900 (Frij FT Business

Sky News 0130-0200 (Mon), 2130-2200 (Thurs), 0530-0500 (Fn) FT Susi-ness Weekly

SATURDAY 9900-9930 World Business This Week - a joint FT/CNN production 1900-1930 World Business This

Super Channel 1950:2000 FT Extuern Europe Recer. SUNDAY

CNN 1030-1100 1800-1830 World Busi ness This Wool

Super Channel 1800-1830 FT Business Weekly

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FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Wednesday July 29 1992

Reshuffling education

YESTERDAY'S white paper on education promises a reform of the management of state-financed schools that, it says, will lead to "the pursuit of excellence for all pupils". This is a noble purpose. It can only be applauded. What is not clear is how much of what is in the paper is likely to lead to the fulfilment of so grand a mission. The national curriculum itself is

a step in the right direction. Established in 1988, it is still bedding itself down. Many will think the same of the assessment and examination process. The proposal to merge the relevant governing committees into a single School Curriculum and Assessment Authority will give the secretary of state, Mr John Patten, an opportunity to place known believers in his strict, moralistic code in charge of what is taught and how it is assessed. This is likely to be popular and may even be beneficial. The powerful new chief inspector of schools will ensure compliance; where there is failure an ad hoc "Education Association" will be sent in, rather as a company doctor, to improve or

close the recalcitrant institution. Some of Mr Patten's personal thoughts, as expressed in the introductory essay, will strike a chord with those who wish to see a more rigorous approach to education. "Schools should not be, and generally are not, value-free zones," he writes in one passage Pupils need to be told when they are doing badly just as much as they need to be told when they are doing well," he says in another. Nor does he ignore weak performers: schools will be obliged to take children with special educational

So far, so closely in tune with what is becoming the new educational orthodoxy. The difficulty Patten's proposals, which is to detach the school education system in England and Wales from local authority control. The programme of local management of schools within local government

might have been made to work,

but this choice has not been made. Before a decade is out most schools will be independently governed. Their income will be pro-vided by a new Funding Agency for Schools (FAS). Local education authorities will gradually wither away. Their remaining functions such as identifying children with special needs, providing tuition for difficult children, and looking after educational psychology services, may be transferred to social

The government will gain from this. It completes the transfer of the education budget from local control, where it hits local taxation, to the Treasury, where it can be cash-limited. It finally liquidates local education authorities it regards as ideologically undesirable. It establishes a national voucher system, with the money following the child to the school of its parents' choice. In the early years this evolutionary change may present few difficulties. But as the new system gathers pace the light bureaucracy implicit in the FAS will inevitably gather weight. It will need to make local decisions about closures and the establishment of new schools. Future ministers will inevitably add responsibilities to this at present seemingly innocent little

In short, schools are in for a huge, generation-long bureaucratic reshuffle. The connection between this upheaval and the theory of parental choice is evident. The connection with the improvement of what goes on in

THE TRAGEDY in Somalia raises a fundamental question, as pertinent to the plight of countries such as Zaire or Angola as it is to the fate of 7m Somalis. What monelhillty does the west have for erstwhile client states in Africa, once courted for strategic reasons, but abandoned when the end of superpower rivalry made those considerations redundant? And when these regimes collapse, should humanitarian imperatives override national sovereignty and justify the intervention of the outside world, providing aid where

and when it sees fit? The moral responsibility is clear. Africa's cold war legacy is the joint creation of the west and the former Soviet Union, whose rivalry many of the continent's leaders skilfully exploited. But the Soviet Union is no more. Only the west has the capacity to help Africa cope with the legacy, assisted by a United Nations now capable of playing a constructive role in world affairs.

In the era when the Horn of Africa was one of the cockpits of superpower rivalry. Somalia was courted by both Moscow and Washington. A shared border with Ethiopia, itself a cold war battleground, and the need for access to the Somali port of Berbera, strategically located on the Red Sea, made Somalia's friendship worth buying with aid and arms. Those assets are worthless in the new world order. Past rivalry over Somalia has been replaced by near indifference.

In the seven months since General Siad Barre abandoned the capital to competing factions, the country has descended into a state of anarchy from which recovery will be a forbidding task. Some 30,000 people have died. More than from their homes or have taken

refuge in neighbouring countries Aid officials estimate that more than two-thirds of the 7m population are threatened with starvation, while hundreds of children

are dving daily The arrival in Mogadishu last week of a 50-strong United Nations force to help monitor Somalia's fragile ceasefire is a welcome development. But it comes too late to avert catastrophe, and is too little to ensure a lasting peace.

What more can be done? A good deal, according to Mr Boutros Boutros Ghali, the UN's hardpressed secretary-general. He accuses the western nations that dominate the Security Council of double standards in dwelling on "the rich man's war" in the former Yugoslavia while largely ignoring the plight of Africa, and has proposed a significant exten-sion of UN humanitarian and

peacemaking efforts in Somalia. Nobody should underestimate the difficulties. Mr Boutros Ghall would be the first to admit that, with paymasters such as the US refusing to pay their share of the budget, the UN is impossibly overstretched by its existing commit ments. What is more, intervention in Somalia is highly risky, with aid shipments vulnerable to violent interference from rival war-

Yet there comes a point at which humanitarian needs ecilpse other considerations. There are recent precedents, most obviously the UN's role in opening up Sarajevo airport as a conduit for relief supplies. A relatively modest operation in Mogadishu, properly guarded and backed with air cover, would probably save hundreds of thousands of lives. Better still, in the case of the other Somalias waiting to happen in Africa, would be timely diplomatic intervention to avert disaster.

VAT compromise

COMPROMISE IS an inescapable consequence of membership in the European Community. Those who belabour Mr Norman Lamont over his acceptance of legally binding minima in EC indirect taxation should recognise that fact or call for the UK to leave the EC.

Criticism needs to focus not on the fact of compromise, but on whether this particular compromise - painful, beyond a doubt was worth making. It was. The gain, the abolition of customs frontiers from the beginning of next year, is worth the pain.

Nevertheless, the pain is not negligible. The US example demonstrates that minimum rates of indirect tax are not needed for a single market. Loss of autonomy is particularly painful in the case of taxation, the heart of parliamentary sovereignty. This is also a disturbing precedent, since extension of fiscal harmonisation to direct taxation could undermine the ability of EC governments to set competitive tax rates.

Nonetheless, the agreement is worthwhile. By accepting the 15 per cent minimum rate on VAT. as well as the minima on excise duties. Mr Lamont has ensured that customs barriers will be dismantled. He has achieved this without changing any of the UK's tax rates; he has avoided discriminatory increases in excise duties on whisky elsewhere in the EC; and he has ensured that agree ment on the minimum rate to be applied from 1996 will require unanimous consent.

Achievement of the single market, a longstanding ambition of the UK, is worth the price. But one cannot ignore the lesson. Member states are loatn to accept actions by others that compromise their ability to pursue traditional goals. In an EC whose member states are strongly committed to high levels of public spending. subsidiarity is subject to severe limitations. The agreement on indirect taxation provides a cogent

Parents know best the needs of their children - certainly better than educational theorists or administrators, better even than our mostly excellent teachers." Education white paper

f schools were supermarkets. life would be simple. The successful would thrive; the failures would go to the wall; and parents, knowing best the needs of their children, would shop around for the highest quality at the cheapest price.

Many on the right of the Conservative party believe such notions can be applied to Britain's schools. In their book, vouchers, a minimal core curriculum and the abolition of local education authorities (LEAs) would do the trick, driving bureaucrats out of the classroom and freeing parents to pick and choose as they see fit. "The free market, if all the rules and regulations can be swept away to make it truly free. will both raise standards and diversify provision," says Mr Stuart Sexton, special adviser to Lord (then Sir Keith) Joseph when education secretary in the mid-1980s.

Post-Thatcher Tories continue to use market language. Entitled "Choice and Diversity", Mr John Patten's education white paper employs it page by page. "Parents know best." it says. "Resources will follow pupils so that good schools will flourish." Opting out of local authority control will, it argues, free the spirit of the nation's schools, allowing them to specialise to appeal to parents, and leaving parents free to "choose the school they believe best suited to the particular interests and aptitude of their children".

In reality, however, yesterday's white paper marks the return to a managed education system. Schools will be subject to less interference, and market forces will play a greater role than before Mr Kenneth Baker's 1968 Education Reform Act encouraged schools to opt out of local authority control. But standards and management, not choice and diversity, are the guiding

The main difference with the pre-Baker schools regime lies in the definition of the standards and the identity of the managers. On the one hand, schools will be expected to meet more rigorous, nationallyimposed and monitored, standards. On the other, out go locally-appointed bureaucrats, in come centrally-appointed bureaucrais quangos, inspectors, curriculum designers, task forces to rescue failing schools and, standing behind them all. Mr Patten, with powers greater than any previously wielded by an English education minister.

Mr Patten's proposals for the transition from local to national management are workmanlike. An appointed Funding Agency for Schools (FAS) will take over the payment of funds to opted out, "grant-maintained" (GM) schools which are funded directly by centrai government. It will also ass a range of powers to plan school provision, progressively taking over functions from local education authorities as the proportion of schools opting out of LEAs increases. It will establish regional offices "as the number of GM

schools grows".

The white paper insists that the powers of the agency will be "closely prescribed". But then so are those of existing local education authorities under present policy, which is devolving budgetary dis-cretion to all schools. In effect, the government is proposing to replace elected local councils with appointed education quangos.

The education white paper, released yesterday, marks a return to a managed system, writes **Andrew Adonis**

A lesson from the minister

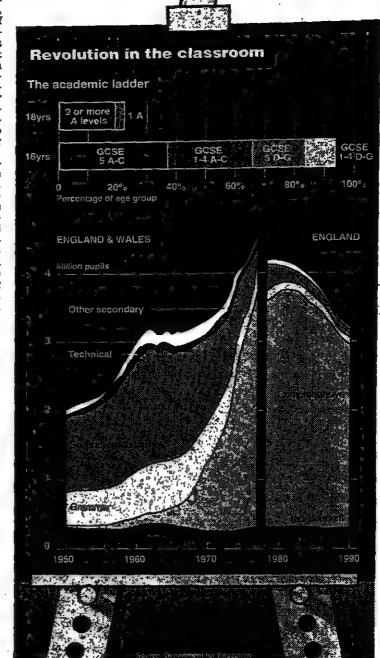
Since all state schools are bound to follow the national curriculum which occupies about 85 per cent of available teaching time, the opportumity for schools to specialise is limited - a point Mr Patten went out of his way to stress yesterday in spread return of grammar and secondary-modern schools. Whatever the balance between grant-main-tained and LEA schools, the community comprehensive looks set to remain the basic school model for

The Tory right will be disap-pointed that Mr Patten failed to axe local authorities in one fell swoop. The government remains comm ted to parental ballots before schools can out out. Mr Patten me dicted yesterday that by April 1995 4,000 schools would be grant-maintained, including a majority of secondary schools and a "substantial number" of primaries, attracted to opt out by new provisions allowing em to exit in clusters. That would still leave LEAs with 21,000 schools including most primaries. Until 75 per cent of schools have opted out. LEAs will continue as now to be able to propose the establishment, closure and significant enlargement to schools, and will retain a veto over schools in their charge chang-

he government is clearly anxious to avoid instant unheaval in the local government system, still convalescing from the introduction of the unpopular poli tax. Indeed, ministers have been going out of their way to talk up the role of LEAs. Addressing the Council of Local Education Authorities last week, Baroness Blatch, the schools minister, referred to "succeastul authorities of the future", noted "clear evidence that at least some local authorities are recognising the imperatives of greater competition and are implementing changes to the way they deliver ser-vices", and highlighted the opportunities for them in the new inspec tion and monitoring arrangements. the further and higher education minister, stressed the "valuable role" LEAS could still

post-16 education. For the next decade, therefore, partnership between local, national and appointed authorities appears to be the name of the game. To see the new system at work, consider three issues high on the government's education agenda: surplus places, failing schools and special educational needs.

Schools in England and Wales currently contain about 1.5m surplus places, a huge drain on the education budget. If schools were purely roucher-financed, there would be no such thing as a surplus place: only "real" places would attract funds and, says Mr Sexton,



for high standards would close".

The white paper has no such touching faith in market forces eliminating waste. Instead, local authorities and the funding agency are to have a duty to report annually on surplus places. If they fail to remove them, Mr Patten proposes to take new powers not only to direct them to produce plans for doing so, but to publish proposals himself. Since such proposals must inevita-bly include school closures, the implication is clear the funding agency, with Mr Patten's consent. will be empowered to close grantmaintained schools, in defiance of their governors if need be.

"those schools which persist in fail- : Since, to date, one of the principal behind schools opting out has been the desire to avoid closure or reorganisation, there is a grim irony in that. But as one county education director put it yesterday: "At last they've stopped pretending the system doesn't need planning now we can get on with the job.

> An equally firm grip is to be taken on failing schools. Few deny the necessity for it. Figures for last year show 2 third of 16-year-olds failing to gain a single GCSE pass at grades A-C, with one in 14 school-leavers failing to gain a single graded GCSE. The post-18 staying-on rate is improving, but last year only only one in five 16-year-

olds gained so much as a single A-level pass. Here again, the market is given a marginal role. Mr Patten sees rigorous inspection and follow-up as the answer. Under this year's Education Act, the fruit of Mr Kenneth Clarke's brief stint at the education department, all schools will be subject to inspection once every four years. Inspectors will be asked to declare failing schools as "at risk", and Mr Patten intends to ask the inspectorate to organise its first cycle of inspections, starting in September 1993, so as to maximise the early coverage of schools thought likely to be "at

When a school is declared "at risk" the government will expect the LEA (in the case of a controlled school) or the governors (in a grant. maintained school) to take urgent remedial action. Additional powers will be given to LEAs for the purpose, including a power to appoint extra governors and to withdraw

delegation of funding.
It does not stop there. Where Mr Patten believes the LEA and/or governors have failed to turn the school around, he will have new powers to send in an education association to run the school. According to the white paper, the association will be a "small and cohesive body" of some six mem-bers with a "remit to improve each identified school within a defined period," and with powers to require staffing changes at the senior management level and within the teaching force," Mr Patten says education associations will be composed of retired teachers and people "good at running things".

ducation associations are the most novel feature of the white paper, a bold attempt by the govern-ment to get a hold on sink schools. Mr Patten envisages them working by administering short, sharp shocks, returning schools to grant-maintained status when done. Many commentators sympathetic to the association idea are sceptical that it can be done quite so easily. Says Mrs Alison Wolf of London University's Institute of Education: "Running a school is not a bag of tricks. Everything we know about schools talls us that leadership and team building is key. It is crucial that when the associations withdraw an effective management structure is left in

The same emphasis on partner ahip and strong direction in deliance of the market is evident in the third area, special educational needs. A fifth of pupils are estimated to have special educational needs at some point in their school life, and according to the Audit Commission, even the best-performing local authorities are taking 50 per cent longer to assess special needs than the government's guide-

Under the white paper, special schools will be able to opt out, but special educational needs report will be required to admit the child. whatever its head and governors think. Mr Patten also intends to take powers to require local authorities and the funding agency to rationalise special schools, and to permit himself to put forward his own proposals, subject to a special

inquiry. Read between the lines, therefore and what the white paper really says is: "John Patten knows best the needs of children - certainly better than local authorities and often better than our mostly excellent parents.

PERSONAL VIEW

From debt to deficit

By Walter Eltis



account was in deficit by £16bn in 1990, £5.2bm in 1991 and \$2.6bn in the first quarter of 1992. It has been argued that, with deficits such as

these during a recession, serious problems will arise after the economy recovers, because imports will rise sharply. A surprising number of economic commentators have suggested that the persistent deficits indicate that Britain is in underlying structural deficit which only a large devaluation can cure.

The idea that devaluation can correct Britain's payments deficit is, on the face of it, odd. British wage costs are now below those of east Germany. According to the German Auto Endustry Federation, hourly labour costs in west Germany exceed those in the British car industry by 70 per cent, and workers in east Germany receive twothirds as much as west Germans. A devaluation would cut Britain's employment costs still further and make British labour still cheaper relative to workers in eastern Ger-

many, is that what we need? in the first half of 1992, the volume of British non-oil exports grew by 3.5 per cent compared with the same period of 1991. OECD exports of manufactured goods grew less than this in 1991, so the UK's share may be rising slightly. That hardly suggests that sterling is overvalued. If our exports can grow 3.5 per cent when world growth is depressed, we should do far better when the world

economy picks up.

But our trade is likely to remain in substantial deficit for reasons entirely unconnected with the competitiveness of British manufacturers. If any economy has an excess of investment over savings, its trade

will be in automatic deficit, investment that it is unable to finance with domestic savings will be financed by foreign savings, and such a country will inevitably borrow from overseas and have a corresponding current account deficit Britain has been in this position for several years. We used to have one of the lowest personal savings ratios of any leading economy. This year personal savings have grown to 11% per cent of GDP, but the budget is moving sharply into deficit. On balance when taken together, there is net borrowing by the personal sector, companies and government, which is why our trade is in deficit. As the economy recovers, companies will raise investment and personal savings will fall. The savings tate was as little as 4

UK trade is likely to remain in deficit for reasons unconnected with competitiveness

per cent at the height of the Lawson boom. It will not fall to 4 per cent again, but neither is it likely to remain as high as 11 per cent if economic recovery is accompanied by increased borrowing by companies and families, while government continues to borrow as much as it does today, the UK's aggregate borrowing is bound to grow and our balance of payments deteriorate, whatever happens in industry. A devaluation would be irrelevant to curing that deficit - indeed, it might lead to increased borrowing as families and companies try to spend before prices rise.

Current account deficits can be due essentially to excessive macroeconomic horrowing or to a lack of microeconomic competitiveness. A

propensity to borrow has been at the root of Britain's deficits. First, it was the Lawson boom and its aftermath, with heavy borrowing by companies. Now it is the increasing willingness of government to bor-row, to which Mr Michael Portillo. chief secretary to the Treasury, is attending. The devaluers appear oblivious of the possibility that a persistent trade deficit can be macreeconomic in origin, so that only reductions in net borrowing by the private sector or government can core it.

ments in the competitiveness of individual industries should be constantly sought. Any company that improves competitiveness and consequently raises exports or cuts imports creates extra profits or aployment, and probably both The National Economic Develop-

ment Council's industrial sector groups brought together 80 chairmen and chief executives, 300 directors and senior executives of UK companies, as well as senior trade unionists. One of their tasks was to make the weaker companies in an industry aware of what the best ones were doing, and aware that what was being imported could readily be produced in Britain.

The competitiveness of several UK industries is being transformed by the presence of Japanese. German and French companies in the UK. They are showing the smaller UK manufacturers how their own operations need to be transformed. Our export growth rate of 3.5 per

cent reflects such developments. But trade is bound to remain in deficit as long as the UK remains a net borrower in the world's capital markets.

The author is chief economic adolser to the president of the Board of Trade, and director-general of the National Economic Development

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Edward Mortimer

Continent of conflicts

Ethnic disputes lie at the heart of many of Europe's problems



have .. been. done to pre-vent the chaos in Yugoslavia?" asks a FOREIGN pamphlet published last

AFFAIRS week by the Research Group, an independent study organisation*. The question may seem aca-

demic until one looks at a map, showing 60 "current and emer gent conflicts in Europe". Most involve ethnic groups whose national aspirations cut across not only existing state borders but also, in most cases, any alternative federal border The author, Mr Hugh Miall, lists a further 14 conflicts in

the Caucasus not shown on the map and observes wryly that this list does not include the conflicts in the non-European parts of the former Soviet Union, ie: central Asia, eastern: Russia and Kazakhstan." The thickest cluster of conflicts is in the Balkans, with a

second intense concentration

in and around the ex-Soviet

3

republic of Moldova. The map is shaded in an original way - the darker a country is shaded, the higher the proportion of the popula-tion belonging to the largest ethnic group. No state scores 100 per cent but a suspiciously high number rates 99 per cent: Austria, Denmark, the Republic of Ireland, the Netherlands,

ortugal and Poland.
This happy state of ethnic Portugal and Poland. homogeneity is, of course, what so-called "ethnic cleansing" operations in Bosnia and elsewhere are aiming for. The fact that Bosnia-Hercegovina is the palest area on the map, with the largest group (the Moslems) representing only 44 per cent of the population, explains why the effort to produce ethnic homogeneity is so

protracted and bloody. Ethnic homogeneity is not indispensable to a peaceful existence, as the example of Switzerland shows. But the individual Swiss cantons are, by and large, linguistically homogeneous. A cantonal solution was proposed for Bosnia-Hercegovina by the EC, and at one point accepted in principle by all three communities there. The problem is that it is impossible to delineate a satisfactory canton for the Moslems, who are (or were) scattered throughout the republic.

Mr Miall has also published a book**, which examines how and where disputes have been settled peacefully since 1945. As he says, "there are two main phases in conflict when resolution is more likely to be achieved. The first is at an early stage, before attitudes become too fixed and behaviour too hostile. The second isat a later stage when the con-



flict has become a stalemate and the parties are exhausted." Obviously, it is better to settle conflicts in the first phase;

hence the emphasis on "early warning" and "early action" in the document adopted by the Conference on Security and Co-operation in Europe (CSCE) in Helsinki three weeks ago. The CSCE also established a High Commissioner on National Minorities, described as "an instrument of conflictprevention at the earliest possi-ble stage".

There is a danger, of course, that by drawing attention to national minorities this "eminent international personality" will create or exacerbate

problems which might othershould not be wise be solved denied human by quiet assimi to chaos. lation. Some of rights on the basis to chaos. The only the most aucof ethnic origin approach that cessful nation

states, such as France and the US, have simply denied the existence of national minorities among their citizens, insisting that cit-izenship and nationality are co-

But in the present climate few central and sestern Euro-pean states can hope to solve their problems that way. The dominant idea in the region today is that states should belong to nations (or "peostates are adopting constitu-tions which define them as "the state of" the Croat or Lithusmian people, as the case may be. This implicitly excludes from citizenship those who do not share that particular national identity, thus inciting

them to look to another state

The Estonian government, representing a "people" which comprises only 60 per cent of the state's population, has gone so far as to reserve citizenship to members of that people. It argues that the rest of the population - mainly ethnic Russians - comprises immigrants (or their descendants) illegally introduced by an occupying power, the Soviet Union. One may sympathise with that argument, but it is not one the international community can afford to endorse. However deplorable the forced population movements in

Europe after 1939, any attempt to reverse them could lead only Civil populations 1939,

offers any hope

is to start from the principle that whole populations should not be blamed or punished for past crimes. In particular, civilian populations should be allowed to stay where they are and should not be denied human or civil rights on the basis of ethnic origin, language or national identity.

A different issue is raised by the continued presence of ex-Soviet troops in independent states which do not want them. sian, or at least speak Russian, and would like to go home if only they had homes to go to. The Russian government says, sometimes, that it intends to bring them back but there is much ambivalence about it. Russia's handling of the

break-up of the USSR has a far been admirably unlike Serbia's handling of the break-up of Yugoslavia. More people have been killed in Sarajevo alone than in the whole of the former Soviet Union – at any rate in inci-dents involving Russians, as opposed to those where "peripheral" nationalities are fighting each other. But, as a Serb speaker noted on Monday at a conference sponsored by the New York-based International Peace Academy, the situation in Trans Dnestr - where Russian-speakers have pro-claimed independence from Moldova under the "protec-tion" of the 14th Soviet Army

beginning of the Serbo-Croat war, when Serbs in Croatia proclaimed independence and a supposedly neutral federal army was sent in to keep order. It sided with the Serbs. The proposed "CIS" peacekeeping force in Moldova could easily do the same. Indeed, the Commonwealth of Independent States could become a fig-leaf for Russian troops reasserting

- is similar to that at the

control in parts of the former Soviet Union. The CSCE and other international bodies can still avert these looming conflicts if they act in time. The most urgent task is to persuade states such as Estonia and Moldova to take seriously the grievances of that Russians will see international pressure as the best instrument for protecting their stranded compatriots. *New Conflicts in Europe: Pre-

vention and Resolution. £10. **The Peacemakers. Macmillan

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Initiative offers focus on value of training

From Sir Allen Sheppord. Sir, An article in the FT ("Employers consider seeking approval from Investors in Peopple", July 22) rightly points to the growing employer involve-ment in Investors in People – an initiative supported by business as well as government and delivered through the Training and Enterprise Councils, and about improving training investment and per

formance of people at work.

I have led the National Training Task Force steering group on Investors in People. The first Investors in People were announced last October. Today, there are 68 with more than 1,100 employers involved. As your article points out, those involved include Uniever, Shell, Boots and J Sainsbury. But involvement enes far wider - it embraces small businesses, schools, local authorities and hospital trusts.

This initiative has the capacity to transform the performance of people and the organisations for which they work. At Grand Metropolitan we regard it as a key initiative which offers a new and clearer focus on the contribution train- | London SWIY ARR

Privatisation plan not a viable option

From Mr Edwin Fleming. Sir, It was with a strong feeling of déjà tu that I read your article about Companies House which stated that "supporters of civil service privatisation have long argued that Companies House is an ideal candi-date for privatisation..." ("Companies House review is

ordered", July 25). Nearly 10 years ago the gov-ernment announced that it planned to privatise the Companies Registration Office Office (as Companies House

ing can make to our business, both in the UK and overseas. Investors in People challenges us to review and improve what we do.

Because it is challenging and adds real value it takes time to become an Investor in People The real measure of achievement is in the 1,100 employers involved, taking action and improving their performance. The 68 Investors in People show what can be achieved and how the rest of us can follow and benefit. Allen Sheppard, chairman & group chief executive.

was then called). The proposal did not succeed because, under the First Companies Directive (EEC Directive 68/151), the Companies House has to be made available to inquirers by post "at a price not exceeding the administrative cost

Where profit is forbidden by law, whence privatisation? 55 Kylemore Avenue, Mossley Hill, Liverpool L18 4PZ

Grand Metropolitan

Dismissal was unlawful

From Mr Ronnie Fox. Sir, The damages awarded against Nissan UK in court proceedings last week were not for unfair dismissal ("Exexecutive wins £804,860 for unfair dismissal", July 25) but for unlawful dismissal; that is, for breach of Mr Stan Cholaj's contract of employment.

The distinction is important, Usually, the highest award which an industrial tribunal has jurisdiction to make following an unfair dismissal that is, dismissal contrary to the employment legislation -

Prices are no joke

From Dr Peter Nyholm. Sir, Ms Balsom (Letters, July 201 is absolutely right about rip-off prices for products in Britain. However, this only touches the surface. The cost of so-called professional services such as the law and accountancy is nothing less

than a scandal. This problem derives from attitudes at the very heart of the City of London. My UK bank recently wrote to me explaining that charges would rise in "order to contain rising costs". Am I losing my facility in British English - or just my sense of humour?

Peter Nyholm, 6008 Bon Terra Drive, Texas 78731. US

swarded to Mr Cholaj is said to be the largest in an employ-ment action. Employees who have not gone to court have often received much larger sums as part of an amicable settlement. The terms of the settlement invariably include an undertaking to keep the details confidential.

For Williams. City Gate House.

Teamwork that creates urban renewal and strong local economy

From Mr Alastair G Balis. Sir, I refer to your editorial on urban agencies (July 22). A mythology about different models of approach to this subect is rapidly establishing

itself, drawn largely on a perception of London Docklands. The impression is growing that the development corporation method of renewal offers a gung ho, bricks-and-mortar approach, contrasting sharply with a more sensitive and strategically planned community development approach which emphasises real employment and living conditions. In practice this need not be so, and it seldom bi.

Newcastle Business Park featured on the cover of the Urban Regeneration Agency consultation document, is the

product of teamwork combining the development corpora-tion, the City Council, the Tec training agents and the private sector. It is universally reckoned in the north-east to add

strength to the local economy. The Royal Quays develop-ment in North Tyneside, together with an adjacent City Challenge scheme in a troubled housing estate, is about the Development Corporation, the local authority and local community groups working together to bring investment and through this better jobs, training and housing to the local neople.

The St Peter's Riverside cheme in Sunderland, on an old shipyard next to Bede's new University, the City Council, the Development Corporation and again community groups. It will provide sheltered housing for rent, new homes for sale, new commercial premises, community rec-reational facilities, and a new business-based University Campus. Just a short way upstream, a major new business park - with sites for traditional heavy industry as well as high-tech manufacturing is also being developed as a

partnership project. The debate about agencies should not focus on stereotypes. Those of us who are practitioners know that structures do not determine the quality of the outcome but the involved in urban areas to work as a team towards an agreed goal. This cannot be

legislated for. The real significance of the URA is that the task of managing the major urban regeneration grant regimes is being transferred from civil servants, who are required to act as auditors rather than initiators, to a body which will be action and results orientated. This is belpful, but its success will depend on the quality of the relationships it can forge with other local bodies. Alastair G Balls.

chief executive. Tyne and Wear Development Scotawood House

Monkwearmouth Church, is willingness of the many parties Newcastle Business Park, being drawn together by the and individuals necessarily Newcastle-upon-Tyme NE4 7YL

OBSERVER

Governors under fire

10

■ What price a bust-up between Australia's central bank and the federal government? One certainly seems on the cards if the opposition Conservatives are elected next year, as looks

John Dawkins, the federal

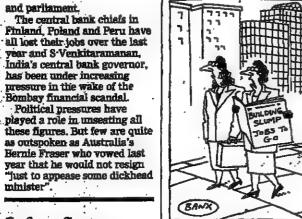
reasurer, has just re-appointed trade union boss Bill Kelty to the Reserve Bank board for five years, ignoring opposition relationship with Labor prime minister Paul Keating makes him incapable of making independent judgments.

The Conservatives have been unhappy ever since Keating chose one of his old treasury chums, Bernie Fraser, to head the Reserve Bank. The head of Australia's

central bank has traditionally been a non-political appointment but Keating's choice of Fraser, which resulted in the early retirement of the bank's able deputy governor, has raised as about the Reserve Bank's independence. John Hewson, the opposition leader, threatening to fire Fraser and Kelty, but has talked of amending the Reserve Bank independence if he wins the next election.

The tensions in Australia are just the latest sign that being a central banker is not as cosy a number as it was once cracked up to be. Mariano Rubio, the governor of the Bank of Spain, stepped down last week. His chances of getting a third term disappeared after the Ibercorp

Russia's central bank boss, Georgy Matinkhin, resigned a few weeks ago after he lost the support of the government



Safety first ■ The Association for Payment

Clearing Services finds it "extraordinary" that one in five holders of plastic cards admits to never checking that they are safe during the course

If this means that four out of five people do check their cards every day, then Observer finds this even more staggering.

Merged out

■ Unions, like companies, often discover that mergers have unexpected costs. Officials of the former print union Sogat, which last year merged with the NGA print union to form the GPMU, estimate that redundancy payments to former Sogat officials whose faces did not fit have reached about £330,000. Brenda Dean, the 49-year-old former Sogat leader, and most prominent casualty of the merger, has

pocketed £148,000. The London Machine Branch of GPMU, a former Sogat stronghold, is so alarmed by such figures, and by the NGA's domination of the merged union, that it has called for a special conference to discuss Dean's departure. But Alf Elderton, the branch secretary,



"I'll really miss being jeered at by men with their bottoms hanging out of their crossers"

admits that the response has been relatively cool. "People say a conference would cost too much money," he says.

Tony Dubbins, the GPMU
general secretary, defends the pay-outs on the grounds that the merger has saved £1m from the joint wages bill of the two

unions. The pay-out to Dean - overshadowed only by the £220,000 paid to Clive Jenkins by the white collar union MSF appears to have been part of the merger agreement.

Unsuitable

Red faces in Cleveland. When lawyers for the families of the victims of the air-crash at La Guardia in March slapped in a claim for \$80m in damages, they duly cited all companies involved. There was USAir, which flew the airliner, Fokker, which made it; Dow Chemical, which supplied the de-icer used before the fatal take-off attempt; and Rolls-Royce, whose engines powered the jet. Alas, some legal whizz in Ohio thought Rolls-Royce

meant fancy motor cars, so

the lawsuit named "Rolls-Royce Motor Cars Inc" as a defendant. But the car business has long been owned by Vickers, and the aerospace engine manufacturer is a separate quoted company.
"We don't know why the

car company is cited perhaps it's the Vickers connection," purred an airy and disingenuous spokes for the "right" Rolls in London. "The suit's being refiled," said a spokesman for the Cleveland law firm, not a little

Chopin around

■ Birdsong, as Observer noted yesterday, may be the order of the day on Classic FM's test transmissions but its potential offerings are being peppered with birdshot. Shostakovich's ninth symphony is deemed OK but his sixth is definitely out, Likewise Samuel Barber's overture to School For Scandal s judged a no-no, while his Knoxville clears the audio-burdia.

With the help of the ear of broadcaster and writer Robin Ray, supplemented by those of a group of young music graduates, Classic's rogramme controller (and part-time tv chef) Michael Bukht says 5,000 pieces have already been found accessible and melodic enough to make the schedules when the station is launched in September.

Grave decision

■ New Zealanders bave been given a chance to make the best of a grave situation. Rotorua District Council is offering discounts to people willing to dig the graves of their dead relatives under the supervision of cemetery staff. The normal cost is NZ\$497 but families get 40 per cent off for digging their own plot.

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THE WELSH ADVANTAGE.



FINANCIAL TIMES

Wednesday July 29 1992



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Germans blame interest rate policy for delayed recovery

GERMAN engineers, retailers and economists warned yesterday that the expected economic recovery would be delayed - and placed most of the blame on the Bundesbank's policy of high interest rates.

Domestic orders for plant and machinery in June were 22 per cent lower than a year earlier, according to the VDMA engineering industry association. Revising a forecast made in March of real growth this year of up to 1 per cent, to a fall of 2 per cent, it said that "the worldwide recovery simply has not happened".

The long spell of high interest rates had worsened the domestic situation, it added. Total order intake in the first six months had fallen 2 per cent. Foreign business was up 1 per cent and domestic trade was down 6 per

Retailers also reported a 5.5 per cent slump in sales during May and raised doubts about the expected recovery in the second balf of the year.

The RWI economics institute in Essen said it expected German economic growth next year of only 2 per cent, trailing average west European growth of 2.7 per cent and the 3.75 per cent expec-ted in the US. While US interest

nomic activity, the institute said, the Bundesbank's strict policy had reduced the room for manoeuvre in Germany and elsewhere in Europe.

Waning consumer confidence and the public services strike at the start of May reduced west German retail sales in that month by DM1.3bn (\$840m) or 2 per cent, according to the HDE retailers' association. When adjusted to take account of 3.3 per cent inflation in retail goods prices, this translated into a 5.8 per cent real decline.

Turnover in the first five months had fallen by 2,6 per cent, and hopes for an upturn in the

ther into the future. The consumer confidence index during May was 12 points lower than a year earlier. "The public's frustration seems to stem more from unhappiness with politics than the economic situation," it said. The association complained that shoppers were unsettled by almost weekly reports of new charges threatening their disposable income.

The only sectors showing a real improvement in May were tex-tiles and clothing and drug stores. Car and parts retailers reported a 9.8 per cent real drop, while turnover in TV and audio

Prime minister defends minimum rate agreement against 'Euro-sceptics'

Lamont attacked for VAT deal

By Alison Smith in London and drew Hill in Bryssels

BRITISH prime minister Mr John Major entered the row about the UK's agreement to an EC minimum rate of value added tax with a vigorous defence yesterday of the deal struck by Mr Nor-man Lamont, the chancellor of the exchequer.

Ministers sought to brush aside criticism from "Euro-sceptics" within the ruling Conservative party that the move diminished the UK's sovereignty, insisting the agreement was vital to ensure the single market could

be completed. The prime minister said VAT had been a European Community matter since the Treaty of Rome, and emphasised that Monday's deal did not affect goods and services which are zero-rated, such as food and domestic fuel. He also highlighted the benefits of the package for the Scotch whisky industry.

Mr Major's remarks came against a background of bitter wrangling among Conservatives about the deal. While Mr Lamont dismissed suggestions that the UK had ceded sovereignty as "a complete scare, and a very silly, silly season story", Mr Nick Budgen, a Euro-sceptic, said the chancellor was "justifying his betrayal of the British constitution on the basis that he has served a commercial interest". Lord Tebbit, a former Conser vative cabinet minister, attacked

the move not only on constitutional grounds but in terms of competition, calling it a cartel. "If this had been done by steelmakers or carmakers the Monopolies and Mergers Commission would have struck it down," he

The agreement received a mixed reception from business leaders. The institute of Directors be taken as a precedent for EC



intervention in corporation tax ment on the package of VAT and and was a compromise "which should not be presented as a victory". But the Confederation of British Industry and the British Chambers of Commerce welcomed it as an important step towards completing the single

Norman Lamont: the suggestion that British sovereignty had been diminished was very silly excise measures could still founder on Spanish and French objections

> Spain is calling for Britain to change the name of British-made sherry, or grant equal tax treat-ment to Spanish sherry, which now attracts higher tax because

France wants a French-style "control duty" on all EC-produced wine, a higher harmonised excise duty on mineral oils, and a standard, rather than a reduced VAT rate on "agricultural products" such as flowers and timber.

> VAT harmony, Page 2 Editorial Comment, Page 12

Monday's provisional agree-Blue Arrow 'disaster' blamed on judge and UK fraud office

By John Mason in London

THE Blue Arrow fraud trial was a "costly disaster" for which the trial judge and the Serious Fraud Office were responsible, the UK Court of Appeal said yesterday. The whole cost of the year-long trial. estimated at £35m (\$67m), must be met by the British taxpayer, three appeal court judges

The court issued warnings to both judges and prosecutors in future fraud trials that legal proceedings should be simplified as much as possible to prevent any recurrence of the debacle.

The judges, headed by Lord Justice Mann, were giving reasons for their overturning earlier this month of the convictions returned by the jury in February against four City of London advisers found guilty of conspir-

acy to defraud. Mr Jonathan Cohen, Mr David Reed and Mr Nicholas Wells, all former County NatWest executives, and Mr Martin Gibbs, a former Phillips & Drew director, had all been convicted of conspiring to mislead the markets over the result of the 1987 Blue Arrow

World Weather rights issue to fund the takeover of Manpower, the USemployment

Their convictions had been quashed because the last-minute decision of the judge, Mr Justice McKinnon, to cut the indictment down to one central issue had been made too late for any convictions to be safe. Lord Justice Mann said.

The length and complexity of the proceedings meant that by that stage - 11 months into the case - the trial should have been abandoned instead, he said. Criticising the SFO, the judges said it had presented its case in

an unnecessarily complex way. The multiplicity and size of the issues proved "incapable of accommodation within the con-

text of a jury trial". However, had the prosecution concentrated on the one central issue that eventually went to the jury, eight of the original 10 defendants could have been tried

manageably and fairly. However, criticising Mr Justice McKinnon, he said judges had the ultimate responsibility for ensuring the manageability of trials. Mr Justice McKinnon should

'Judges must not be reluctant to exercise their power in order to secure that end." Lord Justice

Mann said.
"But, and importantly, they will seldom have occasion to do so if the prosecuting authorities frame indictments which have due regard to the limitations of a

The director of the Serious Fraud Office, Mr George Staple, said later the SFO could not be happy at the court's comments. However, it had learnt from the experience of the case.

'We have got to ensure that we do not overload indictments and charge too many defendants while still presenting the full criminality of cases to the jury."

he said Four other City of London advisers are still charged with fraud over the affair.

The SFO will announce next Monday whether it is continuing proceedings against Mr Charles Villiers and Ms Elizabeth Brimelow, both formerly with County, and Mr Paul Smallwood and Mr Tim Brown of Phillips & Drew.

Spanish KIO \$2.5bn bid

Continued from Page 1

in two of Torras's quoted compa-nies, the Prima property group and the foods and sugar pro-

ducer, Ebro, has fallen sharply. Mr De la Rosa's letter offers an immediate \$400m payment followed by two further payments of \$1bn each over the next two years, with interest payments accounting for another \$100m. If the Kuwaitis signal some interest by the end of this week, a formal offer would be made and would

expire on October 25. Mr De la Rosa's personal role would be limited because of the big amounts involved, but it is understood that some large European industrial groups and banks have shown interest in supporting the offer in order to enter key industrial sectors in Spain.

Guarantees from reputable banks were also promised by Mr

De la Rosa. Mr De la Rosa's offer is based on a valuation done for Torras by Madrid corporate finance house Axel Group in May. They said Torras was worth at least \$3.08bn, and he appears to have subtracted their Ercros valuation of \$387m as Peat Marwick, KIO's auditors, valued Ercros at zero last December.

THE LEX COLUMN

All clear for beer

Yesterday's ruling on the Allied Lyons-Carlsberg deal plainly suggests a truce is breaking out between the competition authorities and the brewing industry. Of the conditions imposed, the only one with any bite is that which requires Allied to allow its pub tenants to buy half their lager from the competition within two years. The condition has its paradoxical aspects: the authorities give credit to the merger for providing stiffer competition for Bass and Courage, while at the same time proposing to give Base and Courage access to Allied's pubs. But the amount of beer at risk is at most 150,000 barrels a year, or perhaps 25m in profit. In the context of a deal which puts £135m cash into Allied's pocket, that scarcely seems worth quarrelling over.

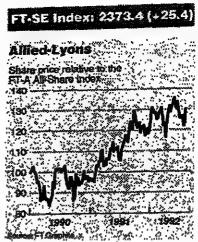
In any case, the pace of change in the industry seems to be slowing. The only big deal pending is that between Allied and Brent Walker, which now looks like going through with only minor modifications. There remains vague speculation about a brewing link between Whitbread and Scottish & Newcastle. If that ever came to anything, yesterday's ruling might sug-gest the authorities would take an indulgent view.

As the dust settles, it becomes clear that quite a number of things are going Allied's way these days, includ-ing the removal this week of the threat of higher EC duty on gin and whisky. The shares have outperformed the market fairly consistently over the past couple of years. There might be life in them yet.

UK economy

The Confederation of British Industry is decidedly gloomy about the UK's short-term economic outlook. But one consolation from yesterday's survey is that the impact of recovery on corporate earnings could be remarkable when it comes. With costs under control and two thirds of respondents still operating below capacity, any revival in demand should produce a striking growth in margins.

The benefit would, however, be felt more strongly in manufacturing than. in the services sector, where compa-nies have been less successful in controlling cost pressures. There is also a risk that it could be short lived, as cuts in investment spending during the recession give rise to bottlenecks standably anxious that the govern-



worse by concentrating its spending cuts on investment projects. Sadly there is little, if any, historical precedent for a chancellor heeding such

British Aerospace

There could scarcely be a better measure of the extreme suspicion with which the market views British Aerospace than yesterday's further 5 per cent fall in its shares. The immediate reason was suggestions that the European Commission would again try to force the company to repay the £44m of sweeteners attached to its purchase of Rover from the UK government in 1988. Having failed once, it is by no means certain that the commission would succeed this time. Even if it did, the impact on BAe's gearing would be trivial, given shareholders' funds of

Doubtless the fall in the shares to a level less than half last year's rights issue price owes much to deep uncertainty about what action BAs will take to stem the losses in its regional aircraft division. The company, of course, can say nothing shead of its interim statement in September. But here, too, the market may be erring on the side of pessimism, with regard both to the size of the provision resulting from the worst case of outright closure and to

the impact on cash flow.

At its current level, the price is discounting a savage cut in the dividend at the very least. Since the market is so determined to look on the bad side. there is no telling how it may react if new car sales in August turn out even more awful than expected. British ing tendency to lurch from one problem to another. That is why it is now so difficult for any remaining faithful to believe that rationalisation of the regional aircraft business could herald a robust earnings recovery next year. Just the same, it is worth pausing amid the gloom to recall that a dividend halved this year might with luck be covered four times next.

Allianz

Yesterday's 3 per cent fall in the share price of Europe's biggest insurer looked like a knee-jerk reaction to a well-trailed but still expensive under-writing loss of DM1.8bn, Although the performance of Allianz has not been out of line with the market this year, its shares now stand a full 15 per cent below their level of DM2,306 when the last rights issue was announced in February.

The broader question is whether Allianz has frittered away sharehold ers' funds on over-priced acquisitions unlikely to offer a realistic return in the near term. After all, first-time consolidation of US and east German subsidiaries accounted for DM1.25bn of extraordinary underwriting losses. Conditions in the UK and French markets continued to deteriorate and the domestic market is hardly healthy, judging by a two-thirds fall in underwriting profit.

With its shares yielding only a shade over 0.6 per cent. Allianz still has a low enough cost of equity capital to take a long-term view. But the patience of some shareholders is clearly being tested. The promise of extensive cost-cutting suggests Allianz is getting more serious about earnings. It may also be nearing the bottom of the underwriting cycle in most key markets - although it could be vears before income matches costs in east Germany, in spite of a promise of sharply higher premiums. Moreover, while it remains difficult to pin a precise value on the investment portfolio through the cloudy medium of German accounting practice, stated earnings from investments reached DM3.56bn last year. Against this background, the group's first ever underriting loss looks less threatening.

Scottish Amicable

Yesterday's column stated that Scotin sterling bonds. This should have read Scottish Equitable. Scottish Ami-cable's gilt weighting is 32 per cent.

This announcement appears as a matter of record only

July 1992



RYAN GROUP LIMITED

£50 million Preference Share issue

The issue was subscribed by

Electra Private Equity Partners Bankers Trust Company Creditanstalt

The transaction was led and structured by

Electra Kingsway Limited



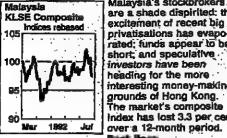
ELECTRA KINGSWAY LIMITED 65 KINGSWAY LONDON WCZB 60T TELEPHONE: 071-831 6464 FAX: 071-404 5388 A MEMBER OF IMRO

Φ 15

Thomson-CSF pulls out of LTV deal

Thomson-CSF, the French state-controlled defence electronics group, yesterday pulled out of a planned deal to buy a stake in the mis-siles division of LTV of the US. Loral, a New York-based defence electronics manufacturer which last week announced plans to buy the LTV missiles unit with Thomson as a minority partner, said it planned to go ahead with the ourchase on its own. Page 26

Low spirits in Malaysia

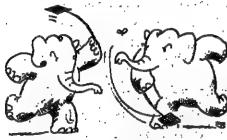


Malaysia's stockbrokers... are a shade dispirited: the privatisations has evaporated; funds appear to be short, and speculative ... investors have been leading for the more interesting money-making grounds of Hong Kong. index has lost 3.3 per cent

Bull falls short of expectations Bull, the French state-owned computermaker.

yesterday reported a slightly worse than expected FFr1.68bn (\$337m) loss for the first half of the year. Page 17

Amstrad in turnoll



Serious questions have been asked about the future of Amstrad, the UK computer and electronics group. One analyst says: "Trying to be a low-cost supplier in this market is suicidal. They are a gnat in the personal computer mar-Japanese and US players, which are becoming increasingly aggressive in the European mar-

Mitsubishi Trust

The second section is a second section

in an article on June 21 headed "Foreign concern over italy's health" it was stated that Mitsubishi Trust played a leading role in a loans to EFIM. In fact, Mitsubishi Trust has never played a leading role in any banking syndicate which provided loans to EFIM. We

Market Statistics

FT-A world indices . Back Page FT-A world indices . Back Page Financial futures

Liffs equity options London tradit, options * Money markets New int. bond issues World commodity prices World stock mkt. Indices.

ADT		Gulf Int't Bank
AECI	16	Harland Simon
ASB Blink	. 18	Huntleigh Inds
Advance Bank	18	Hypo-Bank
Air Canada	`" 18	Imasco : - '
Allianx	15	Invesco :*
Altied Textile	19	Kwik-Fit .
Altied-Lyons	25, 15	LTV
American Express	- 18	Labatt
Amstrad	23	Loral :
Asahi Breweries	- 16	ML Laboratories
Asahi Glass	. 16	McKechnie.
Ashtead	20	Mitte . :
AUXOR AUSOCIANA	. 20	Murray Smaller Mkts.
BAe	15, 25	National Power
Bass	19	
Binder Hamiyn ·		New Zealand Post
British Blo-tech	10	
British Coal		Placer Pacific
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Brown & Jackson	22	
Bull	17	Reuters
Carbury Schwepper		Samba
Canadian Airlines	16	
Capita		Shandwick
Carlsberg		Student Loans Co
Chrysalis		Telefonos de Mexico
Chrysler		Temple Bar Inv Tst
Elim		Tenneco - 1
Fitch	20	The Equitable
Fokker	16	Thomson-CSF 1

Companies in this issue

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Haztewood Fds	133	+	·8	Mil. Labs	735	_	25 '
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Achtead	120	_	18	Power Corp	23	-	.17 -

OTHE FINANCIAL TIMES LIMITED 1942

Wednesday July 29 1992

Underwriting loss holds back Allianz

underwriting business.

Group net profits rose 4 per cent to DM1.050n (\$690m) on premium income up 27 per cent to DM48.7bn. The underwriting result - the net of premium income and claims paid before

profit of DM182m in 1990 to a loss of DM1.78bn.

Another factor was the poor state of world insurance markets. Mr Schulte-Noelle said conditially during the current year. Premium income would rise to more than DM50bn, he said, but underwriting profits would be hit by poor claims experience and the effect of intense competition

France, eastern Germany, North America and the UK - where Allianz has owned Cornhill since 1986 - would feel the rationalisa-

year, out of a total workforce of 61,000 at the end of last year. Deutsche Versicherungs and dated for the first time last year. This helped to boost group turnover but both made underwriting losses of DM625m.

The underwriting figures were offset by a near doubling in other income to DM3.56bn. The main factors behind this were a DM929m contribution from Fireman's Fund and extraordinary

Austria.

Although the net profit figure was in line with analysts' expectations, the underwriting loss was worse than expected. The shares fell by DM62 to close at

The dividend is to be main-tained at DM13.50 per share. Earnings per share, calculated according to the method set by the German Association of Financial Analysts (DVFA), fell to DM40.85 in 1991 from DM43.30.

ket. Carlsberg-Tetley would be a more

effective brewer with a better balanced portfolio of brands than Allied and Carls-

berg separately, and could compete more

vigorously with the two biggest brewers,

However, the MMC concluded that the

merger would increase concentration in

the production of lager. Carlsberg-Tetlev

would have a 21 per cent share of the

market and the three largest brewers

would account for 87 per cent.
Allied-Lyons and Carlsberg, Report on

the proposed joint venture, HMSO (£11.10p).

Bass and Courage.

of bear

Chrysler profit lifts US car sector

By Martin Dickson In New York

SHARES in Chrysler, the US car manufacturer, rose sharply yesterday when the company reported stronger-than-expected second quarter results and a return to profitability.

Detroit rivals General Motors and Ford also saw their stock rise as Chrysler, the smallest of the three and the first to announce second quarter figures, made optimistic noises about the automotive outlook.

The US industry has spent much of the past two years mired in red ink, due to reces-sion, which slashed demand for cars at a time when growing Japanese manufacturing in the US increased supplies. The result was a price discounting war. However, 1992 has seen a slow recovery in demand.

Chrysler reported net earnings of \$178m, or 54 cents a share, compared with a loss of \$212m. or 95 cents, in the same period of last year. Wall Street had expected earnings around 21 cents a share. Sales and revenues totalled \$9.31bn, up 19.2 per cent from \$7.81bn last year.

Chrysler shares rose \$1% to close at \$21½ on the New York Stock Exchange, where it was the most actively traded issue.

The company, which has been financially stretched for the past few years, is in the middle of a series of crucial launches of new

The most important of these is the LH series of mid-sized sedans, due out later this year, which has won enthusiastic reviews from the motoring press. Mr Lee Iacocca, chairman, attributed the second quarter figures to particularly strong sales of mini-vans, where Chrysler is the market leader, as well as

trucks and jeeps. He noted that the results were achieved in spite of the launch costs for the new vehicles, and that the company's share of the US car and truck market bad risen from 12.4 per cent a year ago to 13.3 per cent.

seemed to be improving and the car market was getting stronger. Chrysler Financial, the group's financial services operation, contributed net earnings of \$49m. down from \$80m, after a \$24m

one-time goodwill write-off. For the six months the group reported net earnings of \$165m, or 46 cents a share, on sales of \$17.5bn, compared with losses of \$810m, or \$3.61 a share, on sales of \$13.66bn in 1991.

SHARES in Allianz, Germany's largest insurance group, fell 3 per cent yesterday after the Munichbased group reported flat net profits for last year and its first ever loss on its mainstream

investment income - fell from a

By Philip Rawsthorne in London

ALLIED-LYONS and Carlsberg yesterday indicated that the £510m (\$983m) merger of

their UK brewing operations would go

ahead after modifications to meet the

demands of the Monopolies and Mergers

Nine months after the UK drinks, food

and retailing group and the Danish brewer

announced their intention to create a new

force in the UK beer market, the MMC

recommended that the mergar should not

proceed unless:

Mr Henning Schulte-Noelle,

chief executive, said the poor underwriting performance was due to losses at Fireman's Fund, the US insurance company bought in 1990, and at Deutsche Versicherungs, the former east German state insurance monopoly acquired for DM711m.

of their own choice.

ditions for the merger.

undertook not to worsen the terms of beer

supplies to Carlsberg's existing customers during the next three years;

• the term of the supply agreement

between Carlsberg-Tetley and Allied's

pubs was reduced from seven to five years;

and Allied amended its tenancy or lease agreements so that its tied pubs would be

free after two years to buy up to half their

annual lager requirements from suppliers

The European Commission, which con-

Mr Roy Moss, Allied Breweries chair-

ducted a separate inquiry, set similar con-

on premium income. Allianz will attempt to counter this trend by increasing efficiency and reducing costs, the chief executive said. He said

tion measures most.

He said the group would proba-

Allied-Lyons and Carlsberg proceed with merger man, and Mr Michael Iuul, Carlsberg International's managing director, said: "We are firmly of the view that the proposed joint venture is the best strategy for both

> The most onerous condition would appear to be Allied's requirement to free its tenants to buy any lager they chose after two years. In practice, however, few pubs would be likely to change brands unless faced with extreme customer dissatisfaction

The MMC found that the merger would have both positive and detrimental effects

Philip Rawstorne reviews changes in shares of the beer market since the last orders Estimated major UK beer market brewers' share

Brewers keep their places at the bar

hree years after the introduction of the govern-ment's beer orders, the Monopolies and Mergers Commission's overall view is that compe-tition is still weak in large areas

The latest MMC inquiry also found widespread evidence that wholesale prices of beer to independent retailers have been falling while retail beer prices have risen since 1969. "It seems surshould continue to rise strongly in real terms at a time of economic recession when demand for beer is falling," it said.

As a result of previous government directives to the industry, the size of the national brewers tied pub estates is being reduced but their share of total beer production and sales has been maintained. Grand Metropolitan's exit from the industry has left five brewers controlling 78 per cent of the market.

Their grip on the sales of lager which the MMC viewed as a distinct product - - was even tighter. Together they accounted for 80 per cent of the market, and the strength of nationally advertised brands was putting more pressure on the ability of smaller brewers to compete.

Although 19 regional and local brewers still produce their own lager, several have recently withdrawn their brands and are buying a brand from one of the

It is difficult to predict, says the MMC, how the national brewers' share may change in the near future. Three regional brewers - Devenish, Boddington and Greenalls - have quit the industry; and guest beers from the remaining regionals have penetrated only a third of the nationals' tenanted estates

The regionals, however, have been expanding their own pub

chains, giving them greater retalling strength. Independent pub operators have also entered the field but many are tied to the nationals by loans and long-term supply agreements.

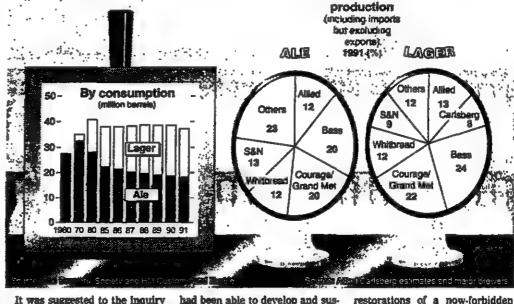
Loan-tied customers represent 27 per cent of national brewers' sales through pubs against 24 per cent in 1989; and the MMC estimates that supply agreements of more than 12 months with pub retailers account for about 15 per national brewers to the pub trade. Most of that is represented by the Courage/Grand Metropolitan joint venture, approved by

the MMC last year. Since then, the Office of Pair Trading has intervened - notably in Allied's arrangements with the Brent Walker Pubmaster estate - to limit supply agree-

Agreements for five to seven years "foreclose areas of the market to competition from other suppliers and add to entry barriers", says the MMC.

But national brewers were much better placed than others to compete for even limited supply agreements because of their wide portfolio of beer brands, extensive distribution networks and ability to meet retailers' requirements for drinks other

The MMC received evidence that real wholesale prices of beer supplied to the free trade, net of. discounts, have been falling. Retail prices, by contrast, have continued to rise strongly since 1989. These increases have been ascribed to the continuing investment by national brewers and tenants in improving pub facilities; the need for heavily borrowed independent operators to raise cash; and the shift in demand towards premium beers which has affected average



It was suggested to the inquiry that national brewers used their are bigger than those of tenanted or free trade pubs - to exercise price leadership. "We were not able to reach any conclusion on

this contention," the MMC says. The MMC's view of a che quered competitive background was not shared by Allied and Carlsberg. They argued that the market was now highly competitive and that such pressures would continue to increase

llied estimates that the proportion of beer sold Through tied estates has fallen from 44 per cent in 1989 to 36 per cent last year and will drop to 29 per cent by the end of

this year. There has been a largely corresponding rise in the free pub trade from 37 per cent to a projected 49 per cent; but the take-home trade through supermarkets and off-licences has also grown from 19 per cent to 22 per cent. The take-home trade was dominated by powerful buyers and the growing number of retail chains has achieved strong negotiating positions, Allied argued. The existence of spare capacity

in brewing added to these com petitive pressures as brewers vied to increase their sales volumes. But only national brewers

had been able to develop and sustain efficient national networks for wholesale distribution of beer. Professor M E Beesley, a member of the MMC, agreed with that view. These were significant

developments that would continue to shape strategies over the next few years, he said. The only channel for rivalry, he says, is long-term supply agreements. These are not the

not less competition. Any concern for local and regional brewers should be tempered by the fact that they now have more opportunities than ever to extend their tied pub estates, he adds.

monopolistic practice." Similarly,

brands of lager disappearing

from the market would be the

result of increasing competition,

This announcement appears as a matter of record only



Century Inns Limited

A company owned by the management and lunds advised by Schroder Ventures

£26,500,000 Senior Debt and Working Capital Facilities

> Arranged and Underwritten by National Westminster Bank Acquisition Finance

> > Funds Provided by

National Westminster Bank Plc

Bank Mees & Hope N.V.

Crédit Lyonnais

Svenska Handelsbanken

National Westminster Bank Plc

Syndication Agent NatWest Capital Markets Limited

National Westminster Bank

BAe poised to unveil new strategy for recovery

By Paul Betts, rospace Correspondent

MR John Cahill, the new chairman of British Aerospace. is expected to unveil next month his recovery strategy for Britain's biggest manufacturing company aimed at refocusing the group on its profitable core military air-

craft and Airbus activities.
Mr Cahill, former BTR chief executive, will make his first public policy statement as BAe's chairman when the company announces its financial results for the first half of its current fiscal year next month, aerospace industry and City of London offi-

cials said yesterday. Refocusing the company on core activities is expected to entail heavy asset write-offs which some analysts believe could amount to around £750m (\$1.43bn) as well as a possible dividend cut.

BAe to report a loss in the first half and for the whole of 1992. Analysts estimate an operating loss of between £40m and £50m for the full year before provisions. The write-offs, and fears of a dividend cut, depressed BAe's share price a further 10p to 180p, less than half the rights issue price of 380p last winter.

BAe's share price was also hit by a report that the European car group in 1988. The EC is expected in September to order BAe to repay the £44.4m "sweet-eners" and possibly interest which it considers illegal state

The City of London expects drain from unprofitable or non-

Commission might require the UK government to recoup interest on £44.4m of aid to BAe when the company took over the Rover Mr Cahill has already intro-

duced stricter disciplines on capi-

tal spending and is expected to

accelerate efforts to cut the cash

core activities. A priority is the company's aking regional jet busine for which BAe has been struggling to find international partners. UK industry officials said yesterday the company was ncreasingly likely to shelve its BAe 146 regional jet programme

if it failed to find partners.

One hint of the imminent reshaping of the regional aircraft business is the transfer of 146 product support operations to BAe's Airbus division, ensuring continued support if 146 production is shut down.

In spite of doubts over the European Fighter Aircraft (RFA) programme in which BAe is a leading partner, the company's military aircraft activities - and its 20 per cent stake in the European Airbus large airliner consortinm - continue to be seen as among its main strengths.

Tenneco shows sharp improvement

By Martin Dickson

TENNECO, the Houston-based conglomerate in the throes of restructuring, yesterday reported a sharp improvement in second-quarter profitability and a return to the black by its long-struggling J.I. Case agricultural equipment business.

However, Tenneco warned that poor market conditions would return Case to the red in the third quarter, albeit with lower losses than last year, while the outlook for the fourth quarter was too uncertain to predict.

On Monday Deere & Co. another leading manufacturer of agricultural equipment, said weak retail markets both in the US and abroad meant its

Steady growth

second quarter

IMASCO, the Canadian

tobacco, financial services,

fastfood and retailing group.

continued strong profit growth in the second quarter, despite

the persistent North American

imasco, 40 per cent owned by

BAT Industries of the UK,

reported net profits for the

June quarter of C\$94.6m

(US\$78.8m) or 73 cents a share.

up 11 per cent from C\$85.5m or

66 cents a year earlier. Reve-

nues advanced 2 per cent to

First-half earnings rose 15

share, from C\$137.4m or

The biggest gain came in

per cent to C\$158.2m or C\$1.21

C\$1.04 a share, on little-

changed revenues of C\$3.9bn.

tobacco products. Imperial

Tohacco lifted its domestic cig-

arette market share to 64.2 per

cent, up 3.7 percentage points.

Canada Trust, the financial

services arm, increased net

profits by 3 per cent in the

second quarter and 11 per cent

in the first haif. Drug stores

raised profits by 10 per cent in

both periods, despite Canada's

Hardee's, the US fast-food

subsidiary, suffered an 18 per cent fall in first-half profits,

but new marketing efforts

were "encouraging."

at Imasco in

By Robert Gibbens

equipment operations would incur a net loss for the final six months.

Tenneco, which has been cutting costs sharply since the arrival of Mr Mike Walsh, its new chief executive, reported net income of \$178m, or \$1.23 a share, compared with a loss of \$14m, or 15 cents, in the second quarter last year. Revenues were unchanged at \$3.4bn.

Some 71 cents of the earnings per share came from continuing operations and 52 cents from discontinued ones mainly a gain from the sale of the company's mineral

Mr Walsh said despite the problems at Case, the group's outlook for the rest of the year was for continued favourable comparisons with 1991.

NEW bidders are likely to

emerge in coming weeks in the

battle for the New York Daily

News, according to a key lieutenant of Daily Telegraph

proprietor Mr Conrad Black,

who has made an offer for the

alling paper once owned by Mr

Mr David Radler, who heads

Mr Black's North American

operations, said he does not

expect the ownership of the

Daily News to be resolved

before September. Mr Radler

said that, in his opinion,

another "crisis" would be

needed before the paper's 12 trade unions were willing to

WEAK international and

domestic markets prevented

AEC!, South Africa's largest

chemical group, from improv-

ing earnings in the six months

to end-June, despite the low

1991 base when earnings fell 56

Turnover rose 1 per cent to

R2.52bn (\$91.3m) from R2.5bn

and net trading income gained

9 per cent, to R148m from

R136m. But higher finance

costs left attributable income

unchanged at R50m. The

interim dividend was main-

This unnouncement appears as a matter of record only:

per cent for the same period.

By Bernard Simon

Robert Maxwell.

By Philip Gawith

in Johannesburg

Case reported an operating profit of \$11m - its first profit in six quarters - compared with a loss of \$123m a year ago. This was despite a 10 per cent drop in sales revenue.

The company said about 40 per cent of the \$134m positive swing came from cost reduction, 40 per cent from price increases and 20 per cent from other factors. Operating expenses had been reduced by \$45m. Much was due to job cuts which by the end of the year will have lowered Case's headcount to 19,000, from 30,000 at the end of 1990.

However, Tenneco warned that Case's production cuts had not been sufficient to keep up with a year-on-year drop of about 20 per cent in demand,

More NY Daily News bids likely

of the bids.

throw their support behind one

The Daily News has operated

under bankruptcy court

protection since December.

The court recently extended

until the end of this month the

deadline for the paper to file a

reorganisation plan under Chapter 11 of the US

Only Mr Black and Mr

publisher of US News & World

Report, have so far emerged as

serious contenders for the

Daily News. Mr Radler declined to be drawn on which

other parties may join the

Mr Radler, president of Hollinger, the Daily

tained at 18 cents a share on unchanged earnings of 32 cents

A feature of the results was

the 46 per cent increase in

export revenues, which rose to

R296m from R203m. Exports

were higher across the range of

group products including plas-

tics, fibres and fertilisers, with

sales being to the east, South

The improved export performance reflected, in part,

AECTs drive to develop inter-

nationally competitive export

businesses. A more important

factor, however, was the excep-

a large portion of the incres

America and Africa.

AECI trading income gains 9%

Zuckerman,

Bankruptcy Code.

Mortimer

a share.

agricultural equipment mar kets. As a result, production would now be cut by an additional 9 per cent and this, coupled with earlier production, would mean 1992 production about 20 per cent below 1991.

Tenneco's other businesses also reported improved results: Packaging Corporation of America had operating income of \$59m, up from \$25m; chemicals group Albright & Wilson made \$19m, against \$7m; Tenneco Gas made \$73m, against \$67m; automotive made \$73m, up from \$66m; and the Newport News shipyard was \$1m aband at 167m

In the first half the group made net income of \$211m, or \$1.43 a share, compared with a loss of \$13m, or 18 cents, a year

Telegraph's parent, predicted

his group has a "slightly better

than 50-50" chance of winning

He claimed "we're the only

ones who can demonstrate that

we have the equity" for what is

Hollinger has no short-term

expected to be a US\$300m deal.

debt at present and Mr Radler

is confident it can raise as

much as C\$500m (US\$416.6m)

from its banks. Should

Hollinger take control of the

Daily News, Mr Radler said the

paper's publisher Mr James Willse would stay on, but that

he and Mr Black were likely to

oversee the operation. Mr

Radler said Hollinger had

drawn on the Daily Telegraph's

resources in its bid for the

tionally weak demand across

the whole range of AECI's

domestic markets. Export mar-

gins are generally lower than

Mr Neale Axelson, financial

director, said the results were

worse than expected because of

the slower than anticipated US

economic recovery, the severe

drought in South Africa, and

ongoing weakness in world

These factors, which show little sign of an early correc-

tion, have led the group to

revise downward its forecast of

"moderate improvement in

in domestic markets.

commodity prices.

earnings" for the year.

Special items prop **American Express**

By Patrick Harverson In New York

AMERICAN Express has reported that after-tax operating income fell 30 per cent to \$269m during the second quarter following a sharp rise in the cost of promoting and marketing travel services and

charge card products.

A series of extraordinary gains and charges, however, meant that Amex's net consolldated income in the April-to-June period totalled \$310m, or 63 cents a share.

The special items during the quarter were a \$425m gain from a public offering of First Data Corporation shares in April, a \$300m after-tax addition to reserves at Balcor, and a previously announced \$84m after-tax charge at securities subsidiary Shearson Lehman Brothers in connection with a reduction in the carrying value of its loan to Prime Com-

In the second quarter a year ago, Amex's net consolidated income was \$256m, or 53 cents a share. Those figures also reflected a special item - an after-tax charge of \$130m at Shearson related to the writedown of an investment in First Capital Holdings and the scaling down of Boston Company's international lending

The notable feature of Amex's second quarter was the sharp decline in the contribution to group earnings from its travel services division, where net income fell utmost 50 per cent to \$124m.

Although revenues were slightly higher, due to a rise in charge card billings and growth in the travel business, marketing and promotion expenses rose, as did provisions for losses on lending

General operating expens were also up, reflecting the growth in the travel business, the cost of card member loyalty programmes and other initiatives designed to strengthen the group's worldvide franchise, Amex warned that its quarterly marketing and promotion expenses - forthe rest of the year would continue at the high levels of the

Shearson reported after-tax operating income of \$88m, down slightly on the \$93m the popurities bonse earned before special charges last year, while IDS Financial Services posted record quarterly profits. of \$73m. First Data earned \$31m, and American Express Bank \$19m, all after tax.

Canadian carriers resume merger talks

By Robert Gibbens

CANADA'S two major airiine are resuming merger talks with federal government

Both Air Canada, privatised two years ago, and Canadian Airlines International, persed by PWA Corporation of Calgary, took beavy losses in the first half this year and both are staggering under big debt

They broke off merger talks late last year with acrimony, each saying it would do better linking up with American carriers to achieve greater access to the US market.

However, PWA says its lengthy talks with AMR, parent of American Airlines for an alliance have been termi-nated. British Airways' acquisition of 21 per cent of USAir for US\$750m last week effectively ended Air Canada's fliritation with the American

Air Canada chairman, Mr Claude Taylor, said: "Powerful market forces compel carriers to consider all their options and the existing structure of the Canadian airline industry

He said the merger talks with PWA would resume this week, and Ottawa "will be monitoring them closely".

New Zealand Post plunges into red

By Terry Hall in Wellington

NEW Zealand Post, the national postal-service operator hit by heavy restructuring costs, yesterday reported attributable losses of NZ\$2.5m for the year to March 31, compared with profits of NZ\$30.03m (US\$16.4m) a year

earlier. The company, whose direc-tors expect it to be offered for sale early in 1993, reported net profits of NZ\$5.37m down from NZ\$27.46m, after restructuring

costs of NZ342.69m.

Thomson-CSF leaves Loral as sole buyer of LTV unit

By George Graham in

THOMSON-CSF, the French state-controlled defence electronics group, yesterday pulled out of a planned deal to buy a stake in the missiles division of LTV of the US.

Loral, a New York-based efence electronics manufacturer which last week announced plans to buy the LTV missiles unit with Thomson as a minority partner, said yesterday it planned to go ahead with the purchase on its own at a price of not more than \$240m.

Thomson had originally

planned to acquire the whole missiles division from LTV with Carlyle Group, a Washington DC investment bank, taking the aircraft unit. The French group had to back down in the face of a hostile reception in the US Congress and defence department, and a restructured deal was announced last week in which Loral would take control of the division with Thomson taking

Thomson yesterday refused to comment on its withdrawal, except to say it regarded its original deal with LTV, which is under the supervision of a bankruptcy court, as "having been terminated".

Loral, however, said it had been unable to satisfy Thomson's demands for a greater participation, including a seat on the board. It added that it expected the deal to boost its earnings by 40 cents a share. Thomson's hopes of entering

the US missiles market through the purchase ran into the opposition of Lockheed and Martin Marietta, two leading US defence companies, which ether had hoped to buy the LTV operations.

In repeated congressional hearings Thomson was lam-basted as the tool of a sinister French conspiracy to take over the world defence industry. Senators complained that US defence secrets would be siphoned overseas, and US defence companies damaged by unfair competition from a The initial Thomson offer acquisitions".

was withdrawn when it became plain that it would be rejected by the committee on foreign investment in the US, a body chaired by the US Treasury which rules on foreign acquisitions of companies in sensitive technology

• Loral yesterday reported first-quarter net income of \$29m. or 85 cents a share. against \$22.4m, or 83 cents a year earlier, Karen Zagor reports from New York. Sales were slightly higher, at \$681m compared with \$677m.

Operating income for the three months to June 31 rose 7 per cent to \$68.8m from \$64.1m. Bookings stood at \$502m in the latest quarter against \$492m last year, while Loral's backlog slipped 5 per cent to \$2.73bn

from \$2.88bn. Mr Bernard Schwartz, Loral's chairman and chief executive, said the company expected "income, bookings, sales and margins to accelerate as the year progresses, with double digit per share earnings increase for the year, without

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Earnings of Japan's brewers fall

minority stake.

drinks helped two leading Japanese brewers, Asahi and Saporn. lift unconsolidated sales for the six months to June. However, the companies

reported lower pre-tax profits due to a fall in interest on investments. While Japanese brewers are:

known for introducing new products and bright packaging, Asahi, which launched "dry beer" in 1987, said focusing on traditional labels had helped beer sales rise 6.6 per cent to Y294.4bn (\$2.35bn). Sapporo's beer sales meanwhile rese 2 per cent to Y222.3bn. -

Asshi's operating profits rose 3.1 times to Y18.3bn and Sapporo's 2.4 times to Y7.3bn, thanks to rationalisation of their operations. However, a fall in interest received from bank deposits squeezed profits

JAPANESE BREWERS

357.2 Asahi's non-operating profits at the pre-tax level. . In the 1980s many Japanese fell 61.5 per cent and Sapporo's

corporations generated profits by 67.6 per cent. by issuing commercial paper, and investing the funds in For 1992 Asahi expects pretax profits to fall 11.2 per cent to Y15.5bn on a 6.2 per cent deposits and the money marrise in sales to Y785bn, while kets. However, companies now face difficulties in gaining prof-Sapporo forecasts a 6.2 per cent decline in pre-tax profits to its from such transactions, as Y8.5bn on a 4.1 per cent rise in interest raises fall and Japanese banks are reluctant to undersales to Y555bn. write commercial paper.

 Asahi Brewerles yesterday announced that Mr Yuzo Seto. vice-president, becomes president from September 1, succeeding Mr Yotaro Higuchi who takes over as chairman.

Asahi Glass pre-tax profits down

Meanwhile losses on securi-

ties holdings, following the

Tokyo market's slide, totalled

ASAHI GLASS, Japan's leading glassmaker, yesterday disclosed a one-third fall in interim pre-tax profits to Y22.7bn (\$181.6m) from Y33.9bn, and revised sharply downward its forecasts for the full year.

In a gloomy commentary accompanying the results, it said a decline in consumer spending and a tighter rein on capital investment by manu-facturers, meant "the Japanese economy began to take on aspects of a business reces-

Citing a production slow-

down in ti try and dull domestic demand. for television sets, two main markets the company supplies. it said circumstances were "harsh" and the outlook "does not allow much room for opti-

Asahi Glass is projecting pretax profits of Y48bn for 1992 as whole, down 20.3 per cent from the previous year. Until yesterday it had been forecasting a modest 2.9 per cent rise

Sales for the first half to June dipped 2.2 per cent to Y487.6bn but are expected by the company to edge 0.8 per cent shead to reach Y1,030bn

for the full year. Th forecast was for Y1,060bn in Glass and construction mate-

rials, which account for half its total business, showed sluggish The company benefited from a 6.3 per cent rise in non-oper-

ating income to Y14.6bn and a 15.4 per cent drop in its interest bill to Y3.6bn. As planned, the interim dividend of Y5 a share includes a Y0.5 payment to commemorate

its 85th anniversary. It is being paid from net earnings per share of Y10.49, down from Y17.14 last time when the payout was Y45.

Telmex makes sound first-half headway.

By Damian Fraser n Mexico City

TELEFONOS de Mexico (Telmex), Mexico's monopoly telecommunications company, yesterday reported net profits of 3,638hn pesos (\$1.16bn) for the first half to June, up 5.4 per cent on the same period last

Operating Income advanced to 4,297bn pesos, representing a 12.7 per cent increase in real

frms. This was struck after

extraordinary losses in the sec-ond quarter of about 192bn

Mr Morris

pesos covering pension fund contributions and provisions for obsolete inventory. If the extraordinary losses are excluded, the underlying increase in operating income was 22.5 per cent, said Mr Rob-ert Morris of Goldman Sachs, San Francisco.

Second-quarter earnings per American depositary receipt (ADR) were \$1.03. But excluding the extraordinary losses, and an estimated \$70m loss on Telmex's non-dollar debt in the second quarter, earnings per

ADR rose to \$1.24, according to

telephone lines in the first half. Lines in service in the second quarter were up 14.6 per cent, while margins, at 43.9 per cent, ● Vitro, Mexico's largest

Telmex added 326,000 new

industrial conglomerate, reported net profits of 339,000m pesos (\$108m) in the first half. practically unchanged from the same period last year. Mr Ernesto Martens, chief

executive, blamed the poor results on the US recession, the strong peso, and low inter-national prices on glass goods.

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THE GAN GROUP

A stock split subsequent to an increase in par value by incorporation of reserves

At the Board Meeting of Société Centrale du GAN on June 22, 1992, presided over by the Chairman, M. François HEILBRONNER, it was decided;

■ to increase the IL076,867 outstanding shares' per value from FFr 37 to FFr 40. The necessary powers were given to the Board by the resolution of the Extraordinary General necessary powers were given to the country of the resolution of the extraordinary deficient Meeting on February 23, 1990, which authorised an increase in the share capital from FFr.

409,844,079 to FFr 443,074,680 by incorporation of reserves. ■ to subsequently reduce the par value of the company's shares from FFr 40 to FFr 10, thereby increasing the number of shares outstanding by a multiple of four. Four new

shares will be exchanged against one old share. Authority for the stock split was given to the Board by the resolution of the Extraordinary General Meeting on June 19, 1992. This operation will be implemented automatically by Sicovam (the French clearing

system) on August 3, 1992 by multiplying by four the number of shares held on members accounts at the close of business on July 31, 1992.

Subsequent to the capital increase and the stock split, the exercise parity of the equity warrants, issued at the time of the capital increase on July 12, 1990, will be adjusted on August 3, 1992 to four shares of FFr 10 par value in exchange for two equity warrants with an unchanged exercise price of FFY 2,150.

On August 3, 1992, the 44,307,468 shares of FFr 10 par value will be officially registered with: the Cote Officialle (Official Listing) of the Paris stock exchange on the forward market (Sicovam code 12593, heading GAN), and will replace the present 11,076,867 shares of



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US\$100,000,000 3.25% Bonds due 1995

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JPMorgan

June 1992

Banco Santander Citicorp Investment Bank Limited Lehman Brothers International Samuel Montagu & Co. Limited

INTERNATIONAL COMPANIES AND FINANCE

Stevens to quit top job at Invesco

By Robert Peston in London

LORD STEVENS is stepping down as chief executive of Invesco MIM, the UK fund management group, after pressure from the group's non-executive directors.

However, he will stay on as chairman until the group's annual meeting next April. In the meantime, the group, which manages more than £30hn (\$57.3bn) of funds, will search for a new chairman from candidates outside the

The departure of Lord Stevens, who for 20 years has been a prominent figure in the City of London, was approved by a board meeting on Monday. It was under negotiation for the previous "week or two", according to a board member, and was first discussed three

or four months ago.

Lord Stevens is also chairman of United Newspapers, owners of the Daily Express, and of Alexander Proudfoot, the management consultant.

An Invesco director said there were three main reasons for Lord Stevens' resignation: • The poor performance of Drayton Consolidated, an investment trust managed by Invesco and also chaired by Lord Stevens:

The board's view that the role of chairman and chief executive at Invesco should be

split;
• The adverse publicity which the group had attracted for its role as a manager of Maxwell pension funds. This publicity may have been damaging invesco's relationship with chients, the director said.

IMRO, the self-regulatory organisation of pension fund managers, is investigating Invesco's role as a manager of Maxwell funds. However, the director said that there was "no hint of impropriety with

regard to Maxwell". Lord Stavens is staying on for now as chairman of Invesco as a demonstration of the board's confidence that it has

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Renault and Peugeot plan EC to seek to develop electric car

RENAULT and Pengeot, the French carmakers, yesterday announced a co-operation accord to help the development of electric cars over the next three years. . They have agreed to set up

battery recharging points, ser-vicing and maintenance for electric cars in at least 10 French cities, with the help of a FFr500m (\$98.03m) govern-ment research grant, of which FFr300m is for this project. Electric cars, produced in very small numbers in France,

have a future as second cars for short journeys, said Mrs Segolène Royal, environment Around half of every car

40km per week, the ideal range for electric vehicles, she said. France's plentiful supplies of low-cost nuclear generated electricity provided a good environment for electric cars, said Mr Dominique Strauss-

Kahn, industry minister. The aim is to build a compatible infrastructure to support Peugeot's and Renault's separate ranges of electric cars by the time they come into commercial production. Peugeot estimates there will be a European market for at least 200,000 electric cars a year by the end of the decade.

Peugeot and its sister company Citroen over the past three years have sold 300 small commercial vans, conventional journey made in France is less models converted to electric than 3km and second cars power, mostly to local authori-

ties. It plans to launch an adapted electric Peugeot 106 hatchback and a Citroen AX in 1995, 50 of which will go on trial at La Rochelle. Renault also has a pilot

range of electric vans, based on a six-year test by local authority services in Châtelleraut, south-west France. These are due for commercial sale next year and Renault is planning to sell an adapted electric Clio hatchback from 1994.

Further ahead, it is working on two purpose designed electric cars, as distinct from converted models. These are the Elegie, designed for short-range city use, for possible sale from 1995, and the Vert, with both petrol and electric engines for longer jour-neys, for possible sale at the end of the decade.

Earnings up at Placer Pacific

By Kevin Brown in Sydney

PLACER Pacific, the Austra-Han gold mining group, yesterday said net earnings for the half year to June were A\$34m (US\$25.3m) against A\$24m in the year-earlier period. It said all the main mines it has an interest in met production tar-

Placer, which is 75.8 per cent owned by Placer Dome of Can-ada, said production from the five top mines climbed to 1.19m oz, of which its share totalled

more than 520,000 os. The average price fell to A\$506 per oz from A\$524 in the same period last year. Tight controls cut production costs to A\$216 an oz from A\$258.

 Newcrest Mining, another Australian gold miner, said higher metal prices and productivity helped it recover from a poor first quarter, although net profits for the June half were down 9 per cent

Sales for the half were now h

production was 13.1 per cent higher at 371,082 oz. Costs per oz sold were lower at A\$379, down from A5382. Mr John Quinn, managing

director, said the company per-

formed strongly in the second

quarter. • Poseidon Gold, part of the Normandy Poseidon group of Mr Robert Champion de Crespigny, said acceptances for its offer for Mount Leyshon Gold Mines exceeded expectations. It now holds 75.6 per cent of the

Samba posts 30% improvement

Middle East Corvespondant

SAUDI American Bank (Samba), the joint-venture Saudi Arabian bank 30 per cent owned by Citicorp, has announced a 46 per cent rise on first-half earnings to \$119.2m over last year's figure. Saudi Arabia's biggest joint venture bank said it had increased earnings in treasury, corporate lending and retail operations. Samba said that it expected a considerable

improvement on last year's record earnings of \$200.5m. Deposits grew by 19.3 per

cent to \$7.8bn, reflecting a gain in market share in the buoyant Saudi market. Most Saudi banks have reported increased deposits since the end of the Gulf War last year. Net loans and advances grew by 23.4 per cent to \$2.9bn. The bank made a \$4.5m transfer to loan loss reserves, a 31.3 per cent fall on equivalent figures last year. • The Bahrain-besed offabore Gulf International Bank (GIB)

first-half earnings to \$25.6m over last year. Assets rose to \$6.2bn from \$5.9bn, while deposits were up over the six months to \$5.6bn from \$5.3bn. GIB, formerly owned by six Gulf governments (Saudi Arabia, Kuwait, the Abu Dhabi Investment Authority, Bahrain, Oman, Qatar) and Iraq, earlier this year shed its Iraqi holding and was effectively taken over by the Gulf Investment Corporation, which is

owned by the six Gulf states.

Ecu500m in syndicated loans market

By Sara Webb in London

THE European Community is poised to tap the international yndicated loans market for the first time in nearly a decade with a three-year Ecu500m (\$675m) facility. The proceeds will finance imports of agricultural and medical products by the republics which formerly made up the Soviet Union.

The EC is expected to award the mandate to a European bank this week. Deutsche Bank and National Wesiminster Bank are among those which have bid for the position of lead manager, although Banque Nationale de Paris and Société Générale have been mentioned as contenders.

The EC traditionally prefers

to borrow in the international bond markets - where it can fund at below the London interbank offered rate (Libor) - rather than the international syndicated loans market where pricing is much higher. An BC official stressed that in the case of funding exports to former Soviet republics, the

EC had chosen a syndicated loan "because it gives us flexibility to choose the date of drawing the funds. "In this case we will need a lengthy draw-down period

which would be difficult to arrange with a bond where we would have to take the funds and then be exposed to an interest rate risk." The EC last tapped the inter-national syndicated loans market in 1983 with a \$1.24bn term loan. Last November it

provided a guarantee for 98

per cent of an Ecu500m loan to

the Bank for Foreign Economic Affairs of the USSR, arranged by Deutsche Bank. The financing covered food exports from the EC to Russia and the margin was 50 basis points over Libor, with "generous fees," Deutsche Bank said. However, bankers say the laisst loan will be much more tightly priced given that the actual borrower is the EC, a triple-A rated name which is zero-risk weighted for capital

adequacy purposes.

Bull registers FFr1.68bn loss on high debt charges

By William Dawkins in Paris

BULL, the French state-owned computer maker, yesterday reported a slightly worse than expected FFrl.68bn (\$336m) loss for the first half of the year, burdened by high debt charges and the continued decline in its main markets. The loss compares with the

FFr1.5bn forecast given by for-mer chairman Mr Francis Lorentz last month, half of which was financing charges. However, this is a 13.4 per cent improvement on the FFr1.94bn net deficit in the same period of 1991.

The operating loss decreased in the second quarter, for the sixth consecutive three

official. Operating losses were FFr857m in the first six months of this year, a FFr435m improvement on the FFr1.29bn operating loss in the first half of 1991. Sales fell by 9.2 per cent from FFr15.2bn to FFr13.8bn over the period.

Bull attributed the improvement to the reduction in costs through its restructuring plan, under which it has announced a 20 per cent cut in its workforce and the closure of seven of its 13 plants. It is on track to meet its target of breaking even at the operating level by the end of this year, said an

The company's interest charges are also likely to fall, capital from the French government, recently approved by the European Commission, to the irritation of the UK Government which believes this will distort free competition.

roughly in the lower middle range of leading computer companies' recent performance. Digital Equipment last week revealed a first-quarter loss of \$1.85bn, most of which was restructuring charges, while IBM revealed disappointing profits, sending its share price into a decline. Compaq. by contrast, reported a 43 per cent jump in second-quarter earnings, after slashing its

Income leaps at USX thanks to tax refund

By Martin Dickson

USX vesterday reported a return to profit by its US Steel subsidiary, the largest steel manufacturer in the US, as the metals and energy group reported a jump in consolidated second-quarter net income from \$25m to \$232m, helped by a big tax refund.

US Steel made operating income of \$45m, and net income of \$8m, or 10 cents a share, compared with losses of \$32m, \$39m and 79 cents respectively in the second quarter of last year. The figures were broadly in line with

US Steel is the first major US steel manufacturer to report a return to profit since the recession of 1991, but few, if any of its rivals, are expected to follow suit until later this year. A downturn in US demand and global over-capacity have kept steel prices extremely

weak while many US manufac-

turers are still carrying out costly modernisations. Mr Charles Corry, chairman of USX, said its steel operations were benefiting from modernisation, and cost reductions, depressed, mainly due to subsi

dised and dumped imports.
Second-quarter shipments were up 7 per cept from a year ago, but were only modestly above the first quarter. Shipments were expected to remain flat in the third quarter. USX, which last year split its

shares into two units, one for its steel business and one for its energy side, reports the two divisions' results separately. Its USX-Marathon energy business recorded second-quarter net income of \$226m, or 79 cents, compared with \$64m, or 25 cents, in the second quarter last year. Sales dipped from \$3.5bn to \$3.2bn. The Marathon group's operating income was \$191m, just \$10m higher than a year before. The figures included a \$119m tax refund, a 398m non-cash revaluation reserve adjustment and a

The bottom line jump was due mainly to \$109m in net financial income, against an \$83m outflow a year ago. This was primarily the result of interest on the tax refund. For the six months, USX as a

\$115m restructuring charge.

whole reported net income of \$254m, against a \$212m loss.

Hypo-Bank ahead 12.7% in first half

By Andrew Fisher in Frankfur

BAYERISCHE Hypothekenund Wechsel-Bank (Hypo-Bank) yesterday said group operating profits rose nearly 12.7 per cent to DM769m (\$513m) in the first half of this

Higher lending volume and improved margins had enabled the bank to lift net interest income by 16.4 per cent to DM1.6bn, while net fee income was 6.6 per cent up at DM266m. The bank said it was still following a cautious risk policy and ensuring that credit vol ume in eastern Germany did not grow excessively.

Hypo-Bank was optimistic about prospects for the rest of the year, based on lively credit

Total group lending, includ-Ing mortgage business, rose by 6.8 per cent to DM161bn between December 31 1991 and the end of June.

The bank said group partial operating profits were 23 per cent higher at DM759m.

This was after a drop of 84 per cent to DM10m in profits on own account trading. All the figure for the whole of 1991.

COMPANY NOTICES BRADFORD

& BINGLEY £100,000,000 In accordance with the terms and, conditions of the Notes, the interest rate for the period 28th July, 1982 to 28th Octobe, 1982 has been 5teed at 10.52084% per annum. The interest psyable on 28th October, 1982; against Coupon 3 will be £284.48 per £10,000 nominal.



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If wailed, addressed to: Bankers Trust Company
Corporate Trust & Agency Group
Securities Processing—Services Division
P.O. Box 2579
Church Stream Station

Dated: July 29, 1992

Wells Fargo & Company

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In accordance with the provisions of the notes, notice is hereby given that for the · Interest Period 27 July, 1992 to 26 October, 1992 the notes will carry an Interest Rate of 10.375% per annum. Interest payable on the relevant interes payment date 26 October, 1992 will amount to £128.98 per \$5,000 note.

Agent: Morgan Guaranty Trust Company JPMorgan

PAKISTAN

The FT proposes to publish this survey on September 11 1992. It will be of particular interest to the 92% of professional investors in Europe who regularly read the FT*.

If you want to reach this important audience,

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Data source: The Professio Investment Community Worldwide 1991 **FT SURVEYS**

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PUBLIC SPEAKING Training and speechwill-ing by enerd warning speaker. First lesson

River Bank America

NOTICE IS HEREBY GIVEN THAT pursuant to Section 6.02(c) of the Indenture, dated as of August 28, 1986, between River Bank America (formerly known as East River Savings Bank: the "Bank") and Bankers Trust Company, as trustee (the "Trustee"), the Bank will exercise its option to redeem the aggregate principal amount of the Bank's Floating Rate Notes (the "Notes") or August 28, 1922 (the "Redemption Date"). On the Redemption Date, 1997 of the \$100,000,000 principal amount outstanding, blue the accrased and unpaid interest, will become due and payable. From and after such Redemption Date, interest on the Notes will cease to accrue. The final distribution will be made only upon presentation and surrender of the Notes. The Notes may be surrendered in person or by mail.

River Bank America Rg: Bankers Trust Company on Truster

RATE NOTES DUE NOVEMBER 1997

Louise Hunter

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Rabobank Nederland

ANZ Grindlays Bank plo Banco Exterior Internacional S.A.

Banque Indosuez EFAG Export Finance Company Ltd. National Westminster Bank Pic

ABN-AMRO Bank

US\$ 2,082.78 per US\$ 100,000

denomination.

July, 1992

MITSUI FUDOSAN CO., LTD.

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Notice is hereby given that for the interest period from 29 July 1992 to 6 November 1992 the rate of interest will be 4.420% per annu The interest payable on the 6 November 1992 will be You 121,095 per each YEN 10,000,000.

ECU 300,000,000 Kingdom of Belgium Floating Rate Notes due 2000 For the period from July 29, 1992 to October 29, 1992 the Notos will carry an interest rate of 107475 per ansum with an interest moons of EGU 2,803.13 per EGU 100,000 Noto.

The relevant interest payment date will be October 29, 1982.

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GPA Investments B.V.

Guaranteed Floating Rate Notes due 1995 Guaranteed by **GPA Group plc**

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from July 27, 1992 to January 27, 1993 the Notes will carry an interest rate of 4.075% per annum. The interest amount payable on the rele

> The Agent Bank Kredietbank Luxembourg

Fokker prepared

for legal action on

bond redemptions

By Daniel Green

FOKKER, the Dutch aircraft

manufacturer, is prepared to

go to court to prevent some of its bondholders redeeming

their bonds early following last

week's agreement that Deut-sche Aerospace (Dasa) should

Holders of two classes of

domestic bond - Fl 150m (\$89.7m) of 4% per cent convertible bonds maturing in five

equal annual amounts from

1995, and FI 150m at 7% per cent maturing in 1994 - can invoke a clause that allows for

early redemption if the com-

Mr Henni Olde Loohuis, Fok-

ker's corporate vice-president

of finance, said that bond-

holders could only try to redeem if they believed the

takeover meant there was a

chance redemption could not

changes hands.

take control of the company.

US Treasuries rise on consumer report

By Patrick Haverson in New York and Sara Webb in

LONGER-DATED US Treasury prices rose sharply yesterday on news of a July consume confidence report that was much weaker than expected. In late trading, the bench-

GOVERNMENT BONDS

mark 30-year government bond was up 1½ at 106%, to yield 7.427 per cent. The two-year note was slightly firmer, up to at 1017, yielding 4.194 per cent. The news that sparked the buying was the Conference Board's consumer confidence

index for July, which fell to 61.0 from 72.6 in June. Most analysts had been expecting a slight decline in the index. Most of the activity was concentrated at the long end of the market, which in recent weeks has lagged behind shorter-dated maturities. However, in the past few days, the long bond has bounced back and is favoured by investors.

The short end of the market

was held back by the auction of \$15bn in two-year notes. The sale was completed successfully at an average yield of 4.29 per cent, the lowest recorded at a two-year auction.

■ JAPANESE government bonds rallied, driven by good domestic demand as investors continued to pin their hopes on lower interest rates.

In spite of the half percentage point cut in the Official Discount Rate to 3.25 per cent on Monday, dealers said that market participants expected the weak state of the Japanese economy to prompt a further cut in interest rates within the next few months.

The benchmark No 129, which opened with a yield of 4.965 per cent, climbed steadily to yield 4.90 per cent by the close of trading in Tokyo. The September futures ended at 104.87, against its close of 104.49 on Monday.

Money market rates continued to edge lower with the call rate slipping from 4% per cent to 41 per cent, while threemonth certificates of deposit traded at 4.03 per cent, against 4.04 per cent on Monday.

■SPANISH government bonds rallied on foreign and domestic buying, partly due to concern that there may be little interest

in this week's auction of debt. Dealers warned that the recent large decline in Spanish government bond prices could eter investors from bidding at the regular auction of three, five and 10-year paper.

People are expecting a deserted auction - if investors don't participate in the auction, there may not be the usual amount of supply and this fear of a shortage of new supply has helped to push up bond prices temporarily," said one dealer.

The yield on 10-year bonds fell from 12.18 per cent to 12.05 per cent, while five-year bonds saw a fall in yield from 13.01 per cent to 12.87 per cent.

#GERMANY'S government bond market drifted lower in light trading as dealers warned that the market was waiting for news from the Bundesbank council meeting in early

The favourable inflation fig-ures released yesterday fell within the market's expecta-

BENCHMARK GOVERNMENT BONDS

		Coupen	Date	Price	Change	Siefy	200	ago
AUSTRA	- A	10.000	10/02	109,6663	+0.213	8.53	8.71	8.74
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tions and had little impact on bund prices. Western German consumer prices were increased by 3,3 per cent yearon-year, according to prelimi-nary figures. The Liffe bund futures contract slipped from its opening of 87.47 to trade at 87.33 by late afternoon.

■ UK government bonds closed

warned that funding concerns were troubling the gilt market again. The Bank of England was expected to announce preliminary details of its next gilt auction shortly.

due 2008 traded at 100%, down in from Monday to yield 8.90

ENP Cap.Mic

under existing programmes

On August 1, new Bundesbank rules to liberalise the issuance

of D-Mark paper come into force, providing a lift for the booming Euro MTN market.

Last week, Nationwide Build-

ing Society added a D-Mark

The European Bank for Reconstruction and Develop-

ment will sign the first new

programme to incorporate a

D-Mark option on Friday. The

1,682

Allet Lyrans (°602)

Boots (*436)

option to its programme.

The 9 per cent Treasury loan per cent. Among shorter-dated gilts, the 10 per cent gilt due 1996 ended at 102%, down 1.

Efim wins approval for L200bn credit line

By Robert Graham in Rome

THE Italian Treasury yesterday approved a credit line of L200hn (\$178.1m) for Efim, the debt-ridden state holding company which was put into voluntary liquidation on July 17.

The credit is intended to allow Mr Alberto Predieri, the administrator of the liquidation, funds to cover operating needs of the holding with its 37,000 employees spread among over 80 subsidiaries. Etim's L8,500bn debt to the banks has been frozen for up to two years. It is understood the credit line will be used to pay wages and supplies.
This is the second measure

introduced by the government to help Efim. Last Friday, the Ministry of Industry agreed to halve the cost of energy charged to Alumix, Kfim's alu-

minium subsidiary. take place at maturity. Alumix has been the biggest single burden on Efim, largely In the case of the convertible bonds, the clause is supposed to apply if the conver-sion rate itself is hurt," he due to high energy costs. Augusta, Efim's aerospace unit, last week received a lift with a L1,000hn helicopter sale said. "Most probably we could go to court and say that this does not apply.

S&P raises credit rating on The Equitable

By Nikki Tait in New York

STANDARD & Poor's, the Wall Street rating agency, has raised its credit rating on The Equitable, the large US life insurer, from A to A+. The upgrade follows the insurer's conversion from mutual status, where it was controlled by its policyholders, to a conven-tional thursholder owned com-

During the process, the insurer sold shares to investors – about \$110m will be added to capital as a result and received a further \$1bn capital infusion from Axa, the large French insurer. As a result Axa now holds

a 49 per cent stake in The Equitable.

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net profits to A\$45m

By Kevin Brown in Sydney

ADVANCE Bank Australia, building society turned bank, yesterday announced a 31 per cent increase in net profits to A\$45m (\$33.5m) for the year to

The board declared a final dividend of 24 cents, taking the total dividend to 38 cents, compared with 29 cants in the previous year. The shares rose by 29 cents after the announcement to close at A\$5.20.

Mr James Service, chairman, said the "highly satisfactory" outcome was caused by strong residential lending and continuing efforts to reduce operating costs.

LIFFE EQUITY OPTIONS

long Hay Fals Asso

He said expenses rose by improvem only 4 per cent, in spite of expanding the Sydney-based half.

He said a further obstacle

faced bondholders who wanted

to dispose of the bonds early. They would also have to hold a

meeting and persuade the bond

If the bondholders suc-

ceeded. Fokker would not have

problems refinancing the bonds, said Mr Loohuis. The

source of the new funds would

not necessarily be the bond

One Dutch banker was

doubtful yesterday over the

ease of refinancing for Fokker.

"It would be rare to see an

early redemption," he said.

"But it is very difficult for me

to be positive about the ques-tion of refinancing."

would call for an early repay-

ment of the bonds arose this

week after the Dutch govern-ment agreed on Friday on the

preconditions for a proposed

transaction that would give

Fokker wants to join forces with Dasa partly because it

lacks the capital to develop

new models of the Fokker 100.

its popular short-range air-

Dasa 51 per cent of Fokker.

The issue of whether holders

market

trustee to invoke the clause.

bank's branch network into Brisbane and other parts of south-east Queensland.

Australian bank lifts

Non-performing loans fell to A\$116m from A\$189m, equivalent to 2 per cent of total advances. This compared with 2.6 per cent in the previous

year. ● ASB Bank, New Zealand's largest home loan lender, vesterday reported a fall in net profits to NZ\$35.4m (\$19.3m) for the year to June 30, from NZ\$37.5m a year earlier, in spite of a record second-half performance, writes Terry Hall

in Wellington. The directors said growth in business and a tight rein on overheads led to a 75 per cent improvement in operating profits to NZ\$21.8m in the second

300 35 52 330 17 35

Underlying security price ? Long dated expiry entire recolumns shown are based on closing offer prices.

New policy for finance advisers in US

THE US Securities and Exchange Commission has adopted a new policy requiring foreign investment advisers to comply with US securities laws only when they deal with clients based in the US, Reuter

reports from Washington. The plan was approved in a 4-0 vote by the agency's com-missioners. It will make it easier for US investors to get advice from foreign advisers.

Under the new approach, foreign advisers registered with the SEC will be subject to their home country law, rather than US law, when giving advice to clients in their home country. The policy will apply as long as a foreign adviser's conduct does not affect US clients or US

markets The SEC also agreed to permit foreign advisers not registered with the SEC greater flexibility to organise subsidiarles that are registered advis-

Traders lack interest as activity slows

By Tracy Corrigan

THE Eurobond market was subdued yesterday, as depressed European markets and the summer holiday period slowed activity. Although traders were again dealing in Ecu bonds in calmer market conditions, after last week's selling

INTERNATIONAL BONDS

and Friday's suspension of market-making, the market lacked buying interest. It is likely to remain dormant until the French referendum on European union in September.

Any activity over the next week or so is likely to be concentrated in the dollar sector, where historically low interest rates are again tempting US companies to lock in fixed-rate funding, but many will continue to prefer the US corpo-rate market to the Eurobond market. Because swap opportunities are few. most dollar

FT/ISMA INTERNATIONAL BOND SERVICE

NEW INTERNATIONAL BOND ISSUES Long Term CrdLBk.Japan(b) Long Term CrdLBk.Japan(c) Long Term CrdLBk.Japan(d)

14 ww/Privete placement. §Convertible. †With equity warrants. ‡Floating rate note. †Pinal terms. a) Fungible with outstanding the FFr issue. Fees undisclosed b) Tranche A of \$510 issue. Coupon pays 6 month Libor plus 50bp for first 5 years, then pays 80bp thereafter. Callable at par on coupon dates from 20/8/1977. c) Tranche B of \$510 issue. Coupon pays 7.20% for first 5 years, then pays 6 month Libor plus 75bp thereafter. Callable at per on coupon dates from 20/8/1997. d) Tranche C of \$510 issue. Coupon paysable semi-annually, pays 7.50% until 20/3/1999, then on subsequent coupon dates there is a call option at par. If not exercised the bonds will pay 6 month Libor plus 75bp.

99,66

2000

offerings are likely to be for US borrowers prepared to raise fixed-rate funds.

FRENCH FRANCS

Investor appetite for dollar paper is not strong, partly due to continuing nervousness about the weakness of the dollar relative to other currencies. Once the currency turns, European investors are expected to become enthusiastic buyers of

the sector. The only substantial issue launched yesterday was a \$510m three-tranche offering of subordinated debt for Long-Term Credit Bank of Japan; which had been pre-

placed in Asia Pacific. The bank will use the proceeds to shore up its capital base, in order to ensure it meets Basle capital adequacy guidelines.

Abbey National, the UK financial services company, has become the latest borrower to add a D-Mark option to its \$10bn Euro medium-term note programme, with Merrill Lynch Bank as arranger.

At least a dozen more compa nies active in the market, including a number of UK building societies, are expected to add D-Marks to the range of currencies which can be used

signing of the Eculbn pro-gramme was delayed to allow the D-Mark option to be

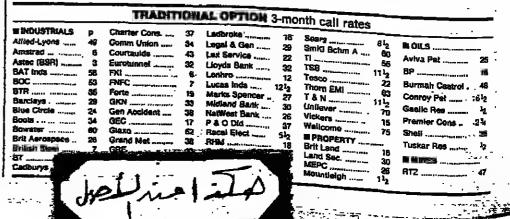
RISES AND FALLS	YESTER	DAY
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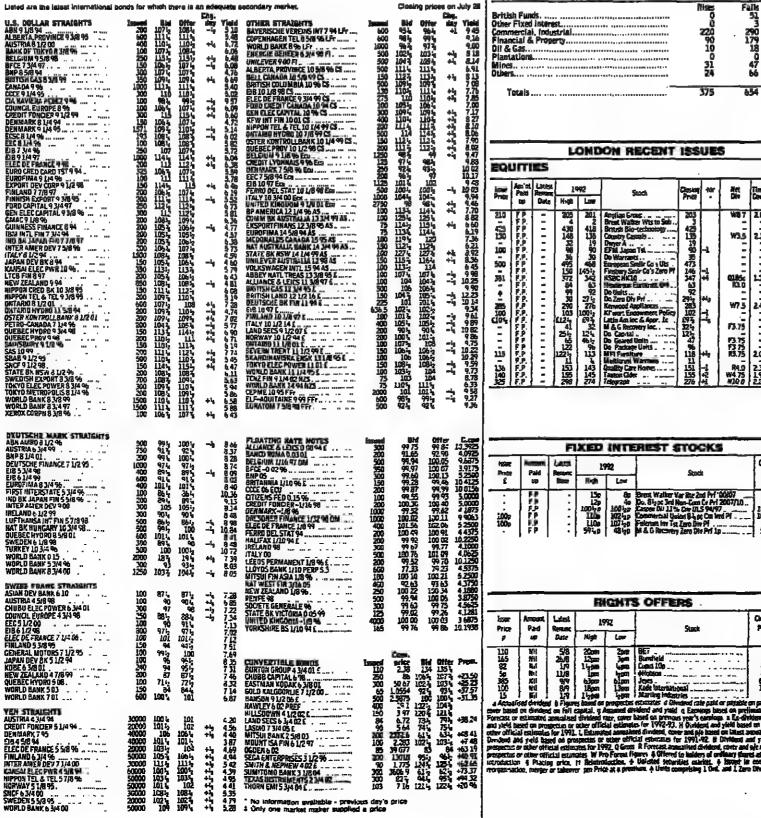


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TRADITIONAL OPTIONS Calls in Euro Disney, G.M. Firth, Gestetner, Graycout, Glynwed Inti., Mirror Group, Midland & Scot. Res. (10p shares), Medeva, Premier Cons. and SEET. Put and First Dealings
Last Dealings Oct. 15 Oct. 26 For settlement also shown on this page.

Greene King declines slightly to £21.9m

By Maggle Urry

ed

MR SIMON REDMAN, chairman of Greene King, the Suf-folk-based brewer, yesterday spelt out the costly legacy of its £104m bid for Morland, its Oxfordshire rival, which failed last week. He was speaking after reporting a slight fall in pre-tax profits to £21.9m in the year to May 3.

Greene King launched its bid for Morland in June and holds a 29.3 per cent stake, bought at a cost of £28m or 450p a share.

Morland shares at 450p was 2.5 per cent and the annual carrying cost of the stake would be £2.25m. The costs of the bid would be reflected in an The announcement of the per cent, while a final dividend extraordinary charge of £3m in group's results had been of 8.1p takes the total to 11.6p. would be reflected in an

The cost of buying the Morland shares lifted the group's. debt to £75m and its gearing to about 38 per cent against 27 per cent at the previous year

end. -Mr Redman said another bid for Morland did not appear attractive, but would depend on conditions in a year's time when the group would be free under takeover rules to rebid. Analysts said if was unlikely

Greene King could sell its stake in Morland, except at a Morland shares closed large loss, as other companies unchanged at 418p, and Greene king's fell 1p to 474p:

Mr Redman said the yield on Mr Redman said he was now looking to expand the business organically. The company has

825 pubs giving it plenty of headroom to expand. The announcement of the

delayed until the Morland bid closed. Pre-tax profits fell to 521.9m from £22.1m in the previous 53 week period.

Mr Redman said trading conditions had been "extremely tough", but Greene King's beer sales by volume fell only 2 per cent compared to a 10 per cent fall in the market in the southeast as a whole.

Group sales improved L8 per cent to £128.6m, and trading profits rose 9.6 per cent to £25.3m, despite an increase in bad debts from £1m to £1.9m. The group's properties were revalued and showed an Ell.6m surplus over the valuation five

The net interest charge was \$5.5m (\$4.9m). Property profits fell from 53m to \$2.3m. Earnings per share were 40.1p, up 5



Simon Redman: looking to expand the group organically

Auditors to resist ADT writ strongly

By Andrew Jack

BINDER HAMLYN, the acrountancy firm, yesterday vigorously defended itself against a writ issued by ADT, the Bermuda-based security. and car auction company, in . connection with the company's £110m takeover of Britannia Security Group. Mr John Norton, Binder's

managing partner, who said he had not yet seen the writ but

USM-quoted company which is

Aids and kidney patients, is raising 215.8m through a

1-for-10 rights issue of 2.49m

Proceeds will be used to fund

construction of a manufactur-

ing plant to produce its glucose

polymer for use in the

treatment of patients suffering.

CADBURY SCHWEPPES, the

South African subsidiary of the

UK confectionery, food and soft

drinks group, overcame diffi-

cult trading conditions to

achieve a 29 per cent increase in profits in the 24 weeks to

Management warned, how-

ever, that trading conditions

had deteriorated recently and growth for the full year was

unlikely to match that of the

Strong sales volume growth

in the soft drinks sector helped

lift turnover which rose by 24

shares at 650p apiece.

By Philip Gawith

mid-June.

ML Laboratories seeks

£15.8m via rights issue

Cadbury Schweppes' South

African arm advances

ML LABORATORIES, the from kidney failure.

researching treatments for . 28p to 735p.

"We will be resisting it very

The writ accuses Binders of negligent misrepresentation in its role as auditors to Britannia prior to the takeover of the company by ADT in January

Binders approved the company's accounts, and is also believed to have held a meet-ing with ADT as part of the due diligence which took place before the acquisition was

The shares yesterday fell by

The rights issue is fully

underwritten by Hoare Govett Corporate Finance who

together with Panmure Gordon

ML's losses trebled to

2460,000 in the year to Septem-

ber 30 compared with a deficit

per cent to R296:5m (£60m)

compared with R239.9m. Apart from growth in drink sales.

consumer demand was gener-ally weak, reflected in slightly

lower margins. Although sell-

ing prices were held below

inflation, they were partially

offset by improved sales vol-

cent higher at R26.2m (R21.6m).

formed strongly, with profits rising by 48 per cent from

Associated companies per-

The dividend is lifted to 15

cents per share (12 cents).

Earnings per share were 61.2

Operating profit was 21 per

umes and cost controls.

R4.9m to R7.3m.

cents (47.8 cents).

are brokers to the issue.

When a more detailed statement of claims is issued to back up the writ it is likely to press for damages of up to \$278m (£146m). This represents the total value of goodwill written off after the acquisition, as

shown in ADT's 1991 annual

BRITISH COAL is preparing to

sell Coal Products, its smoke-

less fuel business, to a single

The planned sale of the

wholly owned subsidiary is a

commercial decision by BC.

independent of the govern-

ment, before the run-up to pri-

Coal Products Limited made

operating profit of £2m for the

year ended March 28. Last year it had debt of £50m; it has not

yet filed its separate accounts for this year.

Angle United, owner of Coal-

ite amokeless fuel, is likely to be the main contender to buy CPL.

Although Mr David

McErlain, Anglo's chairman,

was unavailable for comment

yesterday, he recently expressed interest in buying

Mr Malcolm Edwards, BC's

former commercial director

who now runs his own energy

business, said: "The price for

CPL should be related to its

realistic earnings capacity and

BC has decided first to shut

CPL's loss-making Avenue Coke and Chemical plant near

Chesterfield, which produces

not to its inherited debt."

the business.

vatisation of the corporation.

trade buyer.

The report showed that a review of Britannia's businesses showed certain assets, particularly subscriber systems installed at customer premises had been included in the

accounts "at values materially in excess of their net realisable

Mr David Hammond, ADT's deputy chairman, said the company is continuing to take professional advice on all aspects of the acquis-

He did not rule out legal action against others who were involved, but said it would not cover the company's own advisers at the time of the

Sunbright fuel for the domestic

closed fire market. BC said it

would be meeting with the

employees on Monday.

Anglo is likely to become an

immediate beneficiary of the

decision. Last year it intro-duced its Blasebright product

for the domestic closed fire

market, in the expectation that

BC's Chesterfield plant would

Anglo currently produces

Angle is interested in buying

CPL for two reasons. First,

because it would like to take over Phurnacite, BC's other

smokeless fuel for the domestic

Second, CPL's Coventry

plant, producing Homefire fuel

for the open fire market, would

make an ideal fit with Coalite.

Anglo currently produces about 400,000 tonnes of smoke-

less fuel for the open fire mar-

ket, about 50 per cent of its total capacity, because it believes there is already too

20,000 tonnes of Blasebright a year, compared to Sunbright's

320,000 tonnes.

British Coal ready to sell smokeless fuel side

tas. "The core businesses . . . are fundamentally sound and capable of trading profitably", it said. Progress was being made on the disposals of peripheral businesses, Vickerys, Contraves, Pro-Aqua and NEF.

The company also responded to reports of investor unrest over Harland's relationship with PIL, a loss-making information network company. Harland's pension fund has come under fire for a £500,000 investment in PIL. Harland has repaid the money to the

Harland stressed that shares held by Sandford Etablissements in PIL had at no time been held for the benefit of a director of Harland, or a company in the group.

pension fund.

tried to obtain information about the beneficial ownership of the shares, but without suc cess. "The board has always believed that beneficial ownership was with Oerlikon Buhrle," the statement said. The group added that its investment in PIL would not be long-term. Harland holds 63 per cent of of the information

much capacity in the market. The mild winter and continu-Earlier this month, Harland announced pre-tax losses of £6.32m for the year to March ing recession dented Anglo's pre-tax profits which fell to £8.3m (£15.7m) in the year to 31. compared with profits of

Harland Simon acts to reassure shareholders

By Peggy Hollinger

HARLAND SIMON, the loss-making controls systems group, yesterday acted to reassure nervous investors who have seen the share price plunge from 585p in February to last night's 15p.

The company said recent press comment had prompted clarification of its trading sta-

loumble.

The sale of properties has

(£59m). Earnings per share slipped to 12.38p (12.81p as reported and 15.71p restated). The interim dividend is from 4.4p ta the company to generate more

Shandwick in the black but omits pay-out

made in the six months to Jan-

uary 1991, the nearest compa-

rable period after a change in

erable improvement on the

plunge into losses of £1.44m for

the 15 months to last October.

flagged in December, Shand-wick's share price dropped

from 125p to 521/ap. Yesterday

they closed lp lower at 11p,

valuing the group at less than

Turnover was £79.1m

(£75.6m). Profits were struck

after an exceptional charge of

£309,000, relating to part of the

costs of refinancing earlier this

year, and interest payments of £2.81m (£2m). The full refinanc-

ing costs of £1.7m will be taken

as an exceptional charge at the

Mr Peter Gummer, chairman

and chief executive, said: "The

our clients trade throughout

the world remain extremely

poor and show little or no sign of improvement."

end of the current year.

When those losses were

year-end.

£10m.

By Andrew Bolger By Peter Pearse

PRE-TAX PROFITS at Allied Textile Companies, the York-shire-based wool group, slipped to £5.21m in the six returning to the black in the six months to April 30. nths to March 31. Pre-tax profits of £1.54m were well down on the £8.12m

outperforms

with £5.2m

Allied

sector

Textile

Last time's reported result was £5,31m but was restated to £6.51m to comply with new accounting policies adopted on current and fixed asset investments valued at market value

rather than at cost.
Mr Gerald Wightman, finance director, said textile profits were "down marginally in the half", though he pointed out that competitors in the sector had been reporting losses or sharp downturns. He ascribed Allied's relative

immunity to the sector malaise to "the more realistic approach of our management" and the fact that "we have a wider spread than most". Carpets, he said, did less

well than last time. The domestic market, tied to housing and construction, was poor and the Blackburn factory was closed.

On the contract side, pub and club refurbishment was stalled by monopoly deliberations, he said, but bespoke carpets - for the likes of the Dorchester Hotel in London and luxury liners Cunard Princess and Sea Countess - had done

Nylon fabrics, boosted last year by Ministry of Defence orders for sand-coloured camourlage netting, had returned to the levels of two years' ago, but materials for uniforms and corporate clothing did well, especially in the export mar-

Fully fashioned knitwear had seen an upturn, as competitors had gone under and knitwear became more fash-

The company derives about one third of its profits from

It has maintained its cash pile at about 217m and Mr Wightman expected that to remain the case until the yearend, by which time the company would have incurred about 25m capital expenditure.

slowed to a crawl - in 1990 disposals carned some 24m, in 1991 a mere £71,000, and in the period under review "just a few thousand". Turnover rose to 263m

development stage, allowing

The group has negotiated banking facilities totalling SHANDWICK, one of the £65m until next March, which world's biggest public relations companies, is passing its interim dividend in spite of it sald were sufficient for forecasted needs. At April 30 net debt stood at £58.3m, an increase of £9m in the halfyear. Net debt is expected to peak at £60m by the year-end,

and to decrease thereafter. The group has a £987,000 loan outstanding to its Employee Share Ownership Plan, secured by shares which are currently worth only £109,000. The board said it would review the need for any write-down on this loan at the

Shandwick, which grew rap idly through acquisitions in the 1980s, made acquisition-re lated payments of £6.2m in the half-year, with a further £2m payable in the second half.

reduced by 15 per cent from more than 2.200 in January last year to 1.870 at present,

The group said it had been profitable, after central costs and interest, every month since last December.

Although, for the first time in its history, operating income declined slightly, the resilience of the income stream was in economic conditions in which large part because some 70 per

Earnings for the period were 0.9p (6.4p) per share.

British Bio-technology loss doubles to £11.6m

BRITISH Blo-technology, the recently floated pharmaceuticals group, yesterday reported losses before tax for the year ended April 30 almost doubled from 26.13m to £11.6m.

Mr Keith McCullagh, chief executive, said the results were in line with expectations, Product research and development expenditure was likely to increase from about £11.5m in 1991 to about £15m this year, he said. This would lead to losses about 50 per cent higher for the current year.

Losses per share increased from 34.9p to 44.9p.The company is not paying a dividend. Net cash outflow was £12m (£10m), partly because of increased spending. However,

£5,1m. Mr McCullagh said this followed a decision to push through more research to the

substantial revenues at a later

The balance sheet remained strong with cash reserves of more than £37m at the year end, he said. This had been increased to £80m following the flotation, and would allow the group to extend its clinical trial programme.

Mr McCullagh said the

group's strategy was to sell the marketing rights for medicines that would be prescribed by general practitioners, but keep the UK and possibly European rights for products to be sold into hospitals. These drugs required smaller, less expensive, sales forces.

British Blo-technology would be looking to sign a co-development and marketing deal, late revenues fell from £5.24m to with a significant pharmaceuticals company for its Aids vaccine. The drug has completed phase I safety trials on healthy volunteers and the group is hoping to establish its efficacy with further trials.

Maple Leaf Inns acquires 18 pubs from Bass

By Philip Rawstorne

Maple Leaf Inns, a joint venture company launched last month by Labatt, the Canadian brewer, and Pubmaster, the

north west of England from Bass for an undisclosed

Mr John Brackenbury, chair- 1,000 pubs nationally.

Brent Walker subsidiary, has man of Maple Leaf, said furbought 18 public bouses in the ther acquisitions were expected in the next three months. The company intended to expand its estate to a total of

GREEK EXPORTS S.A.

INVITATION for expressions of interest in acquiring the assets of HELLENIC MARBLES S.A.

in line with the Government's privatisation policy and on the basis of Law 2000/1991, GREEK EXPORTS S.A., a subsidiary of the HELLENIC INDUSTRIAL DEVELOPMENT BANK S.A. (ETBA S.A.), with head office in Athens (17 Panepistimiou St.) has been appointed Liquidator by Decision No. 7518/1992 of the Athens Court of Appeal and intends to sell, with the procedure of Article 48a of Law 2000/1992, the total assets of HELLENIC MARBLES S.A. with head office at Aghlos Stefanos, Attica and which is owned 100% by ETBA

HELLENIC MARBLES S.A. was established in 1961 and is engaged in quarrying, processing and trading in marble and its by-products. The installations of the company are on a self-owned plot of land

48,387m² in area near the community of Agios Stefanos in Attica. Production is executed in two phases. In the first, the marble is quarried in blocks and the by-products of the quarrying are used and in the second, the blocks are split into slabs or cut into tiles.

The quarry, covering an area of about 782,000m is on Mount Penteli Attica, at Rapentosa: The installations consist of a crushing machine producing marble powder while the remaining quarrying machinery for cutting out blocks is mobile. It is the only company which has the right to quarry and sell the world-famous Peritello marble. This right expired five months ago and its renewal is expected,

> FINANCIAL DATA (In millions of GDR)

Total Assets

1991 423 Note: The above data are from published Balance Sheets PRIVATISATION PROCEDURE

Within twenty (20), calendar days from publication of the present invitation, interested buyers must submit a written, non-binding

II. Prospective buyers, after promising in writing to maintain confidentiality, can receive an offering memorandum and be given access to other information as well, relating to the company for

III. The proclamation of a public tender for the highest bid will be published within the specified period and in the same newspapers. IV. For any additional information please apply to the following telephone numbers: 30 (1) 929.4395, 30 (1) 929.4396 and 30 (1)

GREEK EXPORTS S.A.

These securities have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or any applicable exemption from the registration of such act. This announcement appears as a matter of record only.



ARACRUZ CELULOSE S.A.

US\$ 150,000,000 Strippable 10% p.a. 3-Year Amortizing Euronotes Programme

The Company has issued US\$ 50,000,000 Series A Notes

INTERNATIONALE NEDERLANDEN BANK N.V.

Co-Lead Managers REPUBLIC NATIONAL BANK OF NEW YORK (INTERNATIONAL) LIMITED

ABN AMRO BANK N.V.

Co-Manager RABOBANK CURAÇAO N.V.

Issuing, Paying & Structuring Agent INTERNATIONALE NEDERLANDEN BANK N.V.

N#B BANK

ING BANK

July 1992

This announcement appears as a matter of record only.



ARACRUZ CELULOSE S.A.

Acting through its subsidiary ARACRUZ TRADING S.A.

US\$ 150,000,000

3-Year Amortizing Loan secured by Exports of Cellulose

Lenders of tranche 1 US\$ 50,000,000

Lead Manager INTERNATIONALE NEDERLANDEN BANK N.V.

Co-Leud Managers REPUBLIC NATIONAL BANK OF NEW YORK (INTERNATIONAL) LIMITED

ABN AMRO BANK N.V.

Co-Manager RABOBANK CURAÇÃO N.V.

Trustee & Structuring Agent INTERNATIONALE NEDERLANDEN BANK N.V.

N∰B BANK

ING BANK

July 1992

Notice of Meeting of the holders of the U.S.\$100,000,000

83/4 per cent. Notes due 1992

of the Issuer

(the "Noteholders" and the "Notes" respectively) TO THE NOTEHOLDERS:

NOTICE IS HEREBY GIVEN that a Meeting of the Noteholders conversed by the Issuer will be held at 11.00 a.m. (London time) on Thursday 20th August, 1992 at 150 Aldersgate Street, London, EC1 for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed dated 7th July, 1987 made between the Issuer (1) and The Law Debenture Trust Corporation p.Le. (2) (as amended by the First Supplemental Trust Deed dated 27th July, 1992) and constituting the Notes: EXTRAORDINARY RESOLUTION

by the First Supplemental Trust Deed dared 27th July, 1992) and constituting the Notes:

EXTRAORDINARY RESOLUTION
THAT THIS MEETING of the holders of the U.S.100,000,000 8 by per cent. Notes the 1992 of The National Home Loans Corporation pile (the "Noteholders", the "Yours" and the "Issuer" respectively constituted by the Trust Deed dared 7th July, 1987 (the "Trust Deed") and the Law Debenture Trust Corporation pile. (the "Tuster") (2) as amended by the First Supplemental Trust Deed dared 27th July, 1992 (the "First Supplemental Trust Deed") and the Law Debenture Trust Corporation pile. (the "Tuster") (2) as amended by the First Supplemental Trust Deed dared 27th July, 1992 (the "First Supplemental Trust Deed of Law 1992 (1) and the Tuster (2) hereby and with effect from the day tollowing the day on which this Resolution is passed:

(i) rathies and confirms the execution and delivery of, and the performance by the Truster (2) and constituting a trust respect of certain distribution entretenents paid to the Truster Ded dated 28th July, 1992 made between the Issuer (1) and the Truster (2) and constituting a trust respect of certain distribution entretenents and to the Truster Ded dated 28th July, 1992 made between the Issuer (1), the Insuer (Nederland B.V. (2), Morgan Guaranty Trust Company of New York ("Morgan Guaranty") (3) and the operation of the Trust Deed 19 paragraph (1) of the Resolution, assents to the modifications therein rusted (4);

(ii) subject to paragraph (1) of the Resolution, assents to the modifications of the Notes as printed on the Paying Agency Agency and Commerchant (1) and the Paying Agency Agency and Agency and Paying Agency Agency and Paying Agency Agency and and the Paying Agency Agency and Paying Agency Agency and and the Paying Agency Agency and Paying Agency Agency and and the Paying Agency Agency Agency Agency Agency Agency Agency Agency

FURTHER DETAILS

will generate an animal residual process of the Notice of the Totales.

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**The Meeting is being conversed to vote on a proposal for the restructing of the Notes. A summary of the proposal is contained in an information of the Issuer addressed to Notice locker. The "Information Memocrandum" and the full details are commend in the draft Terms and Conditions of the Notes (both of which are realists for collections by Notice of the Notes and Note

In accordance with its normal practice, the Trustee expresses to opinion as to the merits of the proposed modifications (which it was not involved to negociating) or the Resolution contained in this Notice but has authorised it to be stated that, on the basis of the information contained in this Notice and in the Information Memorandum, it has no objection to the Extraordinary Resolution being submitted to the Noteholders for their consideration.

The attention of Noteholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 2 balow. Flaving regard to such quorum Noteholders are strongly urged to take steps to be represented at the Meeting as refurred to below as soon as possible.

VOTING AND QUORUM 1. Entitlement to Vote 1. Engidement to Vote
A Noteholder wishing to attend and vote at the Meeting in person must produce at the Meeting either the Note(s) or a valid voting certificate issued by a Paying Agent relative to the Note(s) in respect of which he wishes to vote. A Noteholder not wishing to attend and vote at the Meeting in person may either delive his Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction form obtainable from the specified office of any of the Paying Agents we to ut below) instructions a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions A person holding Note(s) through Euroclear or Cedd (both as defined below) may, not later than 72 hours before the time appointed for holding the Meeting, request Euroclear or Cede (as the case may be) to procure the issue of voting certificates or the giving of voting instructions in accordance with the relevant procedures of Euroclear or Cede! (as the case may be). Euroclear or Cede will hold or deposit the relative Note(s) to the order or under the control of any Paying Agent (to the satisfaction of such Paying Agent) in accordance with the provisions of this paragraph. "Euroclear means Morgan Guaranty Trust Company of New York, Brussels office, is operator of the Euroclear system." (Cede! or mans Cede! S.A.

To obtain viring certificates. Notes is means the second or satisfaction of such to the control of any Paying Agent (to the satisfaction of the Euroclear system. "Cede!" means Cede! S.A.

To obtain viring certificate. Notes is means the satisfaction of the Euroclear system.

(i) deposined, before the time appointed for holding the Meeting, with any Paying Agent; or
(ii) held to the order or under the control of any Paying Agent (to the sansfaction of such Paying Agent), before the time appointed for holding the Meeting, by any other person approved by such Paying Agent.

To give voting instructions, Nore(s) must be:

To give voting instructions, Note(s) must be:

(i) deposited, not less than 48 hours before the time appointed for holding the Meeting, with any Paying Agent; or

(u) held to the order or under the control of any Paying Agent (to the suifsaction of such Paying Agent), not less than 48 hours before the time appointed for holding the Meeting, by any other person approved by such Paying Agent, together at each case with the voting instruction form referred to above.

Notes so deposited or held will be released at the conclusion of the Meeting (or, if applicable, any adjourned such Meeting) or upon the surrender of the voting certificate(s) to the Paying Agent who issued the same or upon surrender, not less than 48 hours before the time for which the Meeting is convenied, of the voting instruction receptable insued in respect themselves the meeting of the same.

2 Ouocean The quorum required at the Meeting for passing the Extraordinary Resolution set out above is two or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than two-chirds of the principal amount of the Notes for the time being outstanding. If within 15 minutes after the time appointed for holding the Meeting the required quorum is not present at the Meeting, the Meeting will be adopted for such period, being not less than 14 days nor more than 42 days, and to such place as may be appointed by the Chairman of the Meeting and approved by the Trustee) and the Extraordinary Resolution will be considered at such adjourned Meeting (notice of which will be given to Noteholders). The quorum required at such an adjourned Meeting is two or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-third of the principal amount of the Notes for the time being outstanding.

3. Voting

4. Voting

4. Chairman of the Meeting or the Issuer or british and or the Meeting or the Issuer or british and or more persons present holding. One or voting certificates or being process and holding or representing in the aggregate not less than one-fitness part of the principal amount of the Notes then outstanding. On a show of hands every person who is present in person and produces a Note or voting certificate or is a proof shall have one vote. A poll may be demanded before or on the declaration of a show of hands. On a poll, every person who is so present shall have one vote in respect of each U.S.\$1 in principal amount of the Notes so produced or represented by the voting certificates so produced or in respect of which he is a peary.

4. Majority

To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the persons voting thereon upon a show of bands or it's poll is duly demanded then by a majority consisting of not less than three-fourths of the votes given on such poll. If passed, the Extraordinary Resolution will be binding upon all the Noteholders, whether present or not at the Meeting and whether or not voting, and upon all belders of coupons relating to the Notes.

PROCEDURE FOLLOWING THE RESOLUTION BECOMING EFFECTIVE

PROCEDURE FOLLOWING THE RESOLUTION BECOMING EFFECTIVE

Under the Terms and Conditions of the Notes as proposed to be modified by the Extraordinary Resolution, the Notes will continue to bear interest at the case of \$46 per cent. Per annum from "th July, 1992 until 1514 August, 1992. Payment of the interest due on 21st August, 1992 will be made against presentation and starrender or just the case may be enfarement of the relevant Notes at any specified office of any of the Paying Agents.

With effect from the Effective Date the Notes will be represented by a Permanent Global Note un beare form, without coupons or talons. The Permanent Global Note will be deposited on behalf of the Notesholders with Morgan Guaranty Trust Company of New York, London office, as the Common Depository for Euroclear and Codel. With effect from the Effective Date, the original definitive Notes currently in circulation will cease to be valid for any purpose except to evalence entitlement to not interest in the Permanent Global Note, an entitlement to the annual ment of the original Against the A

PRINCIPAL PAYING AGENT Commerzhank Akriengesellschaft Neue Manzet Strasse 32-36 6000 Frankfurt/Mast 1

PAYING AGENTS

ezbank Aktieng Brussels Branc Avenue des Arts 19H 1040 Brussels rahank International S.A. Commerzhank Aktiengesell London Branch 10/11 Austin Friars London ECZN 2HE zbank (Switzerland) Led

By order of the Board of Directors of The National Home Loans Corporation ple Mrs P.J.R. Hall, Secretary Dated 19th July, 1991

REGISTERED OFFICE

THIS NOTICE IS IMPORTANT. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE IN RESPECT OF ANY ASPECT OF THIS NOTICE THEY SHOULD CONSULT THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER DULY AUTHORISED UNDER THE FINANCIAL SERVICES ACT 1986 WITHOUT DELAY.

COMPANY NEWS: UK

Competition hits YRM Fitch shares and Aukett Associates suspended as refinancing talks begin By Andrew Taylor, **Construction Correspondent**

THE SHARE price of Aukett

Associates yesterday fell from

months to the end of March.

of £740,000 during the corre-

not be paying an interim divi-dend, against 1.25p.

tect, also saw its share price slip yesterday - from 55p to

£1.37m over the year to the end

cent, from £23.6m to £19.6m.

Turnover fell by 16.9 per

The final dividend is cut to

2.35p (3.35p) making a total of

4p (5p), covered 1.4 times by earnings per share, which fell from 9.35p to 5.78p. YRM and Aukett both said

in the recession-hit UK con-

struction market had led to a

sharp reduction in fees, only partially offset by increase

earnings from continental

Aukett's turnover during the

first half of its financial year

fell by 36 per cent to 25.3m

Mr Gerry Deighton, chair-man, said fees had fallen faster

than the company could cut

Aukett also made an excep

tional provision of £788,000 to

cover redundancy costs and

property write-downs, which

increased the pre-tax

At the operating level it made a loss of £369,000

overheads, resulting in losses.

of April.

YRM, another quoted archi-

- after revealing a 31 per cent fall in pre-tax profits to

sponding period last year. The company said it would

This compared with a profit

By Paggy Hallinger

SHARES IN Fitch, the 9%p to 4p after the architect loss-making design consultant which expanded rapidly in the announced that it had incurred a loss of £1.16m during the six image conscious 1980s, were suspended at 41p yesterday as the group announced it was in talks with its bankers on a

The company, which in April reported a pre-tax loss of £417,000 for 1991, said its shares had been temporarily suspended "pending clarifica-tion of the company's financial

Mr Rodney Fitch, chairman said the group was not in breach of its banking convenants. Fitch hoped to make an announcement about a capital restructuring within the next few weeks, he added.

A possible deal would include a capital injection from a third party, which was not a financial institution. The final form of a refinancing and the amount of cash injected depended on how the compa-ny's two London properties were treated, he said.

Fitch carries some 27.5m of debt and gearing of about 260 per cent, largely due to the move to its King's Cross head-quarters. The building cost £13.6m to build, but is valued in Fitch's books at just £6.75m The company has also had dif-ficulty in shedding its former base in Soho, which remained largely unlet, said Mr Fitch. A capital injection could come in exchange for the sale of a building, while another possibility was a debt-for-equity

Mr Fitch said the refinenc ing had been an "internally generated reconstruction" to deal with the dual pressures of the economic downturn and the properties' drain on

"We are talking about a financial restructuring," he said, "We are not talking about a reconstruction of Fitch." The chairman said that pusiness remained difficult. It was not likely that the company would resume dividend payments in the immediate future, he added.

Chrysalis wins Olympics deal with airlines

By Raymond Snoddy

Chrysalis, the music publishing, communications and media group, has won its first in-flight entertainment contract - providing high-lights of the Barcelona Olympics to airlines.

Fifteen leading airlines. including British Airways, Lufthansa, Singapore and Qantas, are taking a daily 15minute highlights package delivered by satellite.

Chrysalis, which has been attempting to build up its television interests, bought the in-flight rights outside the US from the International Olympic Committee.

Coverage is provided by TVE, the host broadcaster, by lam and is then edited and scripted by 5am. The completed package is

distributed to airline offices by the Eutelsat organisation, in most cases in time to be carried on early morning flights. Airlines pay a flat \$6,000 (£3,150) for the coverage but most of the revenue comes from advertising and spousorship by Olympic sponsors such as Coca Cola or Panasonic. Mr Niall McBain, head of

special projects at Chrysalis Television, hoped that the deal would lead to in-flight coverage of other events.

Chrysalis is also hoping enter the larger market of operating and packaging programmes for the new six-channel choice television systems being installed by airlines.

The company, which is developing plans for a games channel on cable television, also has bought the UK home video rights for the Barcelona Olympics.

BOARD MEETINGS

Admirel
Anglo & Cherseas Trust
BBA
Bedion (Wm)
Frequen



the final three months of the financial year, although the company would make a loss for the year overall as the effects of cutbacks and redundancies began to work through. Losses per share at halfway were 7.31p (3.42p profit).

The group's most pressing problem is to reduce borrowings. Net debt of £2.9m at the end of the previous financial year had risen to 23.2m more than double shareholders

Mr Deighton expected a Mr Richard Warner, finance

pany was operating within its loan covenants and had the full support of its bankers. With gearing of only 9 per cent, YRM is in a much stron-

ger position. Mr Tim Poulson, chief executive, said that despite difficult trading conditions in the UK the company had recently won some important commissions. By the end of the year it expected to be generating about 20 per cent of its work in continental Europe, where it had established offices in Paris

return to operating profit for director, stressed that the com-Ashtead declines to £2.27m despite maintaining volumes

(£770;000 profit).

Shrink from 14.01m to 22.27m in the year to April 30. However, the equipment rental company maintained its final dividend at 3.025p for an unchanged total of 4.125p, and insisted that it had not been necessary to "adopt a short term siege mentality".

The shares, however, dropped 18p to 120p. Both Mr Peter Lewis, chairman, and Mr George Burnett, managing director, said they were proud of the strength of the balance sheet.

At the same time they were aware of the need to avoid complacency in a sector which has seen more than 200 plant hire outlets close in the year.

AOIM i had held up and there had been some gain in market share as other companies had gone to the wall. Mr Lewis said, however, that the company had avoided the pursuit of turnover for its own

"This year we've walked away from more business than we've ever done," said Mr Bur-

Ashtead had withdrawn, at the end of 1991, from an acquisition which would have made it "the largest player at one bound". Having stalked the loss-making target, "a significant subsidiary of a larger parent", for three years, it was put

off the deal simply by external

Pricing said Mr Burnett, had a conomic conditions.

WITHIN THE context of the declining construction market.

Ashtead Group saw pre-tag, had hit south-east of Engiand.

Would be the market place and there wasn't any," said Mr Lewis.

He added that none of Ashtendary and the same productions are the market place and there wasn't any," said Mr Lewis.

He added that none of Ashtendary and the same made the same made that none of Ashtendary and the same made the same made that none of Ashtendary and the same made that none of Ashtendary and the same made the same made that none of Ashtendary and the same made that the tead's quoted rivals have made substantial acquisitions. The due diligence costs of £65,000 were taken as an exceptional

> As a result, proceeds of April 1991's £5.8m rights issue reduced borrowings to 28.51m (£14.1m) giving gearing of 43 per cent (72 per cent).

The strength of the balance sheet allowed the company to spend £7.8m (£8.5m) on capital expenditure. Group turnover slipped to

£30.8m (£31.4m) and operating profits to £3.45m (£5.91m). The interest charge fell to 21.12m (£1.9m). Earnings declined to 7.2p

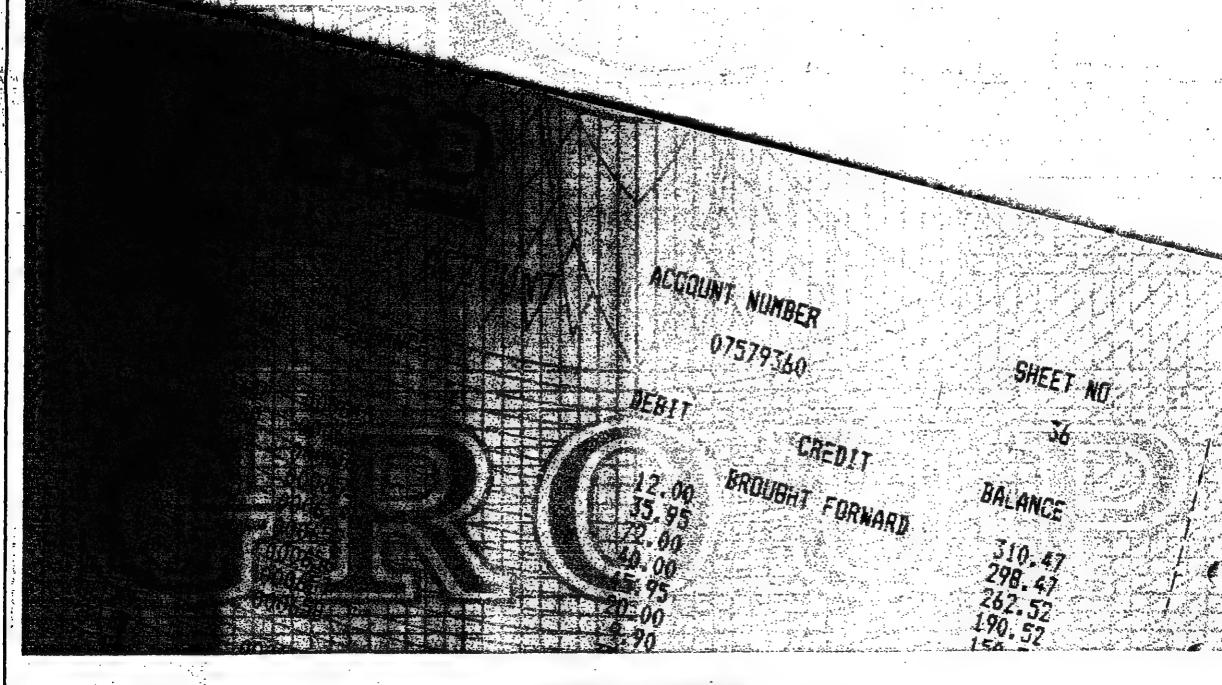
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+7

"I am delighted to report excellent results which have been produced in an extremely tough trading environment. Trading profit is up 10% to £25.3m" "This is the twenty-fifth consecutive year of increased dividends for shareholders" Simon Redman, Chairman Trading profit (Sm) EPS being property dispose and exceptional item (p) 1903 194*A* 201.7 203.5 Assets employed (2m) 1992 change 200 TOTHOVER 128,6 126.3 +2 25.3 23.1 Profit before property disposals and exceptional item +10 19.7 19.1 Prolit before tax +3 21.9 22.1 -1 Earaings per share before property disposals and exceptional item 34.8p

E KING PLC

Elbe Chairman's Statement. Now available 365 Days a year.



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For TSB it's quite usual. We can provide our Chairman, or any current account holder, with a full printed, up-to-the-second statement from most TSB Speedbank machines. Day or night. The only UK bank



to do so. In fact over a million statements a month are now issued this way.

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▲Bâloise

Offer 1992 for the Exchange of Participation Certificates for Registered Shares

The General Meeting of the Shareholders on June 19, 1992, has authorised the Board of Directors to increase, any time prior to June 30, 1984, the share capital in one or several stages by a maximum of sfr. 34,500,000 through the issue of not more than 345,000 registered shares to be fully paid up. The subscription right of share and participation certificate holders is excluded and allocated to third parties provided that the Board of Directors makes use of the newly issued registered shares for conversion or exchange of the participation certificates for registered shares or for financing the acquisition of companies, parts of companies or participations in companies. The restrictions of art. 5 of the articles of incorporation concerning the acquisition of registered shares remain re-

The Board of Directors herewith submits the offer to holders of participation certificates conferring to them the right to exchange their participation certificates of sfr. 100 par during the period from

July 29 to August 31, 1992, noon

at any of the Swiss branch offices of the following banks:

Swiss Bank Corporation · Union Bank of Switzerland · Credit Suisse · Bank Sarasin & Cie. · La Roche & Co. · Basier Kantonalbank - Swiss Volksbank - Banca del Gottardo

at the following terms:

1. Upon submitting one participation certificate of sfr. 100 per with Coupons No. 5 & following together with the Application for Exchange and the Application for Entry in the Share Register, one registered share of sfr. 100 per without coupons entitling for dividend of the business year 1992/93 can be acquired (the coupons of the exchanged participation certificates entitling for dividend for the business year 1992/93 thus expire backdated to Mai 1, 1992).

If the participation certificates are deposited with a bank, it will be sufficient merely to complete and sign the Application for Exchange and the Application for Entry in the Share Register and submit them to the bank in question.

- 2. The new registered shares will be exchanged and delivered to the holders of participation certificates free of charge.
- 3. Extract of art. 5 of the articles of incorporation:

The acquisition of registered shares shall be subject to the approval of the Board of Directors.

No natural or legal person or partnership may accumulate for Itself directly or indirectly more than 2% of the issued registered share capital of the Company. Applications to be registered as a shareholder will be refused if, and in so far as, this limitation should be exceeded. The Board of Directors may approve exceptions hereto by resolution passed by a two thirds majority of all members of the Board.

A sole person within the meening of Art. 5 of these present

- a) those legal persons and partnerships which may be associated among themselvers, either as far as share capital or voting rights are concerned, or through common management or in any other manner.
- b) all those natural or legal persons or partnerships which associate for the purpose of evading the forementioned

The limitation of an overall figure of 2% of the registered share capital stock is also valid in respect of:

- a) the subscribing to, as well as the acquisition of registered shares by means of exercising registered share option and convertible stock rights emanating from debenture loan bonds and from other securities or rights in securities issued by the Company or by third parties, as well as
- b) the exchange of, and the conversion of participation certificates for and into registered shares.

In respect of the excess of shares over and above the cumulative quota of 2% of the registered shareholding, such entitled person shall be entered into the shares register as a shareholder having no voting rights.

- 4. Until such time as their actual exchange, the participation certificates will be traded on the stock exchanges in Basie, Zurich and Geneva on two lines: Line 1: Participation certificates not filed for exchange
- Line 2: Participation certificates filed for exchange
- 5. Requests will be made to have the new registered shares listed at the stock exchanges in Basie. Zurich and Geneva. Any participation certificate not filed for exchange will continue to be listed at the same stock exchanges as previ-
- 6. The new registered shares will be delivered in the form of a share certificate without coupons as soon as possible after the expiry of the exchange period, but not earlier than September 15, 1992,
- 7. The conditions stipulated in the Application for Exchange and the Application for Entry in the Share Register shall also

Applications for Exchange and Applications for Entry in the Share Register can be obtained from any of the banks mentioned above.

By order: Swiss Bank Corporation

Secu	rity numbers:	isak
Participation certificates		
not filed for exchange:	147252	CH0001472528
Participation certificates		
filed for exchange:	147 289	CH0001472890
Registered shares:	147250	CH0001472502

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COMPANY NEWS: UK

Capita advances 28% to £1.77m

By Andrew Bolger

CAPITA GROUP, which supplies computer and management services to the public sector, said it was poised to benefit from the prime minister's declared policy of subjecting more central government activities to the discipline of the market.

The group reported a 28 per cent increase to £1.77m in pretax profits for the six months to June 30 on turnover of £13.7m, a rise of 24 per cent. About two thirds of the profits growth came from acquisitions, with the rest organic.

Mr Rod Aldridge, chairman and chief executive, said the best performance came from the facilities management division, which supplies computer, managed and property services, but the consultancy and marketing services divisions both showed a downturn in difficult trading conditions. The facilities management

division increased trading profits from £586,000 to £1.07m on turnover of \$7.08m (£3.91m). At June 30 the division's forward projected income stood at £64m (£38m).

Mr Aldridge said Telecom Capita, its computer services subsidiary, had invested heavily to become a market leader in providing computer

services to local government over the next 24 months.

The division's managed service companies secured 27 contracts for its computerised revenue collection service. Capita has also become the first company to take responsibility for managing the entire revenue function of a local authority -East Cambridgeshire District Council. The group believes this contract, worth £3.5m over five years, will be the first of

many. The consultancy division saw trading profits fall from £544,000 to £466,000 on turnover of £4.85m (£4.93m). Capita Corporate Finance performed strongly, advising on local authority buy-outs, and the result of the election had further enhanced its prospects.

Management consultancy had performed below expectations, but Mr Aldridge said he was confident a thriving busi-ness could be developed and the senior management team would be strengthened following the recent appointment of a new managing director.

Trading profits of the marketing division fell to £237,000 (£252,000) on turnover of £1.8m (£2.27m). The group said that while the market continued to be rough, it had secured sev-Capita had bank balances of

Rod Aldridge (left) with Paul Pindar, group managing director: poised to benefit from government policies

27.6m, despite outgoings of contracts. £1.6m on acquisitions and capital expenditure. The group said its strong balance sheet was a useful selling point with local authorities, since it provided reassurance that it would be able to complete long-term

Earnings per share rose by 7 per cent to 7.6p. The interim dividend is raised to 2.1p (1.8p). and a final dividend of 4.2p (3.6p) is forecast giving a total for the year of 6.3p, a rise of 17 per cent.

The result reflected an unset-

tled year for the company

the accounts for the first half

were restated and some princi-

pai board members were replaced. Of this year's loss

some £400,000 represented

property revaluations, excep-

tional items and provisions for

£34.4m to £29.5m.

NEWS DIGEST

Brown & Jackson in the black

BROWN & JACKSON, which operates the Poundstretcher discount stores, returned to profits at the interim stage after suffering losses of £14.9m for the previous nine month

Pre-tax profits for the six months to March 31 amounted to 21.75m on sales of £106.3m. The dividend is passed, as indicated at the time of the capital reconstruction. Earnings per share were 0.5p.

The result was not comparable with the last year's interim because the the financial year has been changed to December

The group will next announce results for the nine 47% rise to £1.8m end figures will be for the 15 months to December 31.

Mr Isn Grey, chief executive, warned against reading too much into the current results. Historically, three out of the four quarters produce a loss. Poundstretcher's March

quarter sales represented a like

for like decline of 8 per cent over the previous period. Earlier this year the group raised \$15.6m through a placing and open offer and disposed of both Advanced Technology industries and A & G

Temple Bar net asset value ahead

Temple Bar Investment Trust had a net asset value of 281.14p at June 30, against 277.59p s rear earlier and 269.81p at its December 31 year end. Net profits for the half year



improved to \$4.38m (£4.15m) for earnings per share of 7.642p (7.248p). The interim dividend is unchanged at 4.5p and directors expect to maintain the

Mitte Group, the building services company, achieved a 47. per cent increase to £1.8m in pre-tax profit for the year ended March 31. Turnover leapt 60 per cent to \$52.3m.

Trident Maintenance Services, the Scottish painting company acquired in January, exceeded warranted profits, Mr. David Teiling, chairman, said. A higher tax charge of 2537,000 (£275,000) meant that earnings per share were up by

only 4.5 per cent to 11.6p (11.1p).

dend of 1.5p makes a total of from turnover down from 2.75p (2p).

Reorganisation costs hit Eliza Tinsley

Reduced pre-tax profits of £510,000 were reported by Eliza Tinsley Group, the USM-quoted hardware products company, for the year to March 31. Profits last time were £830,000. Turnover edged ahead to

216.7m (215.3m), generating operating profits of 21.01m (£970,000). The pre-tax result was after

exceptional reorganisation and redundancy costs of £342,000 as a result of integrating the dis-tribution activities of Griffin with those of Rliza Tinsley and transferring the manufacturing activities carried out at Reddal Hill Road to JT Parkes.

Mr Edward Jeynes, chairman, said he expected benefits of the reorganisation to start coming through in the current

An unchanged final dividend of 3.4p is proposed for a maintained 5.2p total. Rarnings per share dropped to 4.72p (8.02p).

Hadleigh Industries falls £1.15m into red.

Hadleigh Industries Group, the USM-quoted industrial holding company, ended the year to March 31 with a pre-tax loss of

£1.15m.

The company said gearing had been reduced from 85 per cent to 70 per cent during the

reorganisation costs.

year and steps had been taken to dispose of all investment Losses per share came out at

8.7p (17.2p earnings). There is no final dividend so the total for the year is 1.25p (6.5p).

Murray Smaller net asset value at 295.3p

Murray Smaller Markets Trust reported net asset value over the 12 months to May 31.

The year was marked by a reduction in exposure to North America and profit taking in Hong Kong. Investments in Singapore/Malaysia and Australia were increased and the Pacific region remains the

main investment area. Net revenue was £2,57m (\$2.93m) for earnings of 4.62p (5.27p) or 4.59p (5.23p) allowing for full conversion of B shares. The proposed final dividend is 2.75p for a total of 4p (3.75p). This compares with a profit An interim of 1.35p (1.2p) is A recommended final divi- of £1.77m last time and comes declared for the present year.

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A. 1977. 1955





REMY COINTREAU REPORTS 51 % JUMP IN NET INCOME

The Board of Directors met on 23 July 1992, with Mr André HERIARD DUBREUIL presiding, to examine the Group's consolidated results for the financial year ending 31 st March 1992. All consolidated figures showed a rise in comparison with the previous year.

FREMILLIONS	1991/92	1990/91	% change
Turnover	6,474	6,344	2.1%
Operating revenue .	6,695	6,558	2.0%
Operating profit	1,048	876	20.0%
Financial charges	(605)	(514)	20.0 /6
Exceptionel items	(14)	(12)	
Net income (Group share)	271	180	51.0%

Consolidated operating revenue totalled FRF 6,695 million, compared with FRF 6,558 million for

The cognac segment turnover was up 8 %, as the Rémy Martin brand enjoyed particularly buoyant sales in Japan and South East Asia.

The Group's wines & spirits division also had a good year, achieving 7% growth in turnover. This is now one or the Group's most important segments, accounting for over 26 % of turnover. Under the negative impact of the economic climate, the champagne business recorded a 21 % drop

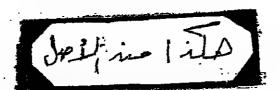
The Group's operating profit of FRF 1,048 million compares with FRF 876 million for the previous year, an increase of 20 %. This rise was driven primarily by the improved margins from sales of

Financial charges do not unclude the impact from the sale of the first half of treasury shares held by the Group, as these operations were completed after the end of the fiscal year. Gains related to these transactions will be stated in the 1992/1993 accounts. Group share of consolidated net income amounted to FRF 271 million, a 51 % jump over last year

(FRF 180 million). This performance, which exceeds forecasts, corresponds to per share earnings of PRF 11.54 (for 23,451,243 shares outstanding during fiscal 1991/1992 after deduction of all the Shareholders' equity expanded by 67.7% to FRF 2,288 million. At the same time, long and medium-

term debt was reduced by 20 % in particular following the public floar of the first tranche of treasury ::

The Board of Directors will propose a net dividend per share payour of FRF 4.42 (FRF 6.63 including tax credit) to the Annual General Meeting to be held on 16 September 1992.



COMPANY NEWS: UK

A more compact product in a crowded market

Vichiyo Nakamoto looks at the future direction of Amstrad in the wake of a difficult week

turbing news last-week from Amstrad, the UK computer and electronics group, left the distinct impression of a company in turmoil. On Wednesday, Mr Ken Ashcroft, Amstrad's corporate finance director, resigned from the group's board to join Betacom. a telephone equipment distributor 71 per cent owned. by Amstrad.

M

17t-17

That news was followed by a profits warning on Thursday and the sudden resignation of Mr Peter Thoms, group finance

director, the next day.

Amstrad's share price has dulyifallen to 25p against cash balances which equate to 20p a share. "It really puts a derisory Mr Evan Miller at Shearson Lehman Hutton Securities. - " The sudden departure of two

inance directors within days would have been alarming news from any company at any. ime. But coming from a commstrad does it could not have tiled to raise serious questons about the future of the There is no question yet

sout whether Amstrad has a Vhile the group now expects teloss for the year to June 30

THE SUCCESSION of dis previously estimated, and the outlook for its markets in electronic products does not look particularly bright, Mr Alan Sugar, its founder and chair-man, has managed the balance sheet effectively, and raised the group's cash from about 160m a year ago to £100m.

 Amstrad has also managed to win markets with its lowerpriced fax machines and double decker video cassette recorders and has an estab-lished reputation in the satellite dish market.

If has a number of new products lined up, based on the bright market ideas that are its hallmark, such as a user friendly personal organiser/word processor, a combined but compact telephone/fax machine and a consumer vid-

But the question that keeps cropping up; as Amstrad has found its revenue bases eroded one by one by slow demand, tumbling prices and intensified competition from larger concerns, is where the group is going from here.

One suggestion is that Amstrad is shrinking to a size more appropriate to the role it can play in the industry. The recent resignations seen

against the fall in the company's sales base from a peak of about £625m three years ago to Ametrad

about £300m, has prompted Mr. Paul Norris at BZW to ask whether Mr Sugar is not already "restructuring the infrastructure of the business to smaller proportions, to a size similar to what it was when he was younger."

It would not be surprising if that were the case. Amstrad has grown by providing markets with consumer products based on bright ideas

at low prices. of turnover last year, on the are falling in the market virtually across the board and market leaders such as IBM and Compaq have been affected enough to launch their own

Trying to be a low-cost supplier in this market is sui-cidal," says Mr Miller. "They are a gnat in the PC market compared to the elephants that are the Japanese and US players which are becoming increasingly aggressive in the of the competition is such that

it is difficult to be optimistic." Meanwhile, the bright product ideas that Amstrad has come up with to attract consumer demand, are not considered innovative enough to produce the large consumer hits that it desperately needs.

The Notepad, a new userfriendly portable PC that performs the functions of a personal organiser, calculator and word processor may address an untapped market of computerilliterate consumers but it is a concept that has been seen on the market before.

The videophone, which is another potential hit, given factor for the home market, is dogged by the lack of an international standard for the kind of videophones based on analogue technology that Amstrad

Amstrad could soon find itself in the middle of a standards war, or worse yet, on the losing side.

Another pitfall in its bright ideas strategy is perhaps the fact that any feature added to a product soon becomes taken for granted by consumers and But the greatest problem

may be that Amstrad's markets are simply overcrowded. which the group is targeting, is not likely to be as smooth

Mr Sugar, who has bright visions for Amstrad's telecoms business, expects telecommunications-related businesses to comprise as much as 30 to 40 per cent of total sales in two to three years' time. Amstrad is not, however,

coms market as a growth business. "If the PC market is crowded the telephone equip-ment market is inundated," says Mr Miller. if Mr Sugar is indeed slimming down the business it may

alone in identifying the tele-

profitable business. But judging from the recent performance of Amstrad's share price few people it seems

be that several years from now



Alan Sugar: lost two finance directors within days

DIVIE	END\$	ANNOUNCED						
	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year			
Vilid Textileint		Sept 30	4.4		12.3			
niibada		Oct 7	3.025	4.125	4,125			
lukit AssocsInt		-	1.25		1.75			
iron & Jecksonint	nü	± 3.5	0.1	-	0.1			
aphint	21	Oct 7	1.8		5.4			
rees Kingfin	8.1	. Aug 27	7.5	11.6	. 10.8			
ladigh Inds 🖣fin	nii .	400	4.3	1,25	· 8.5			
MH4fin	1.5t ·	Oct 2	1	2.75	2			
Jury Smallerfin	2.75	Sept 28	2.56	4	3.75			
Jury Smallerht		- Jaún Ĝ-	1.2	-	4.			
hatfwicknt		-	1.8	. •	3,541			
emie Barint		Sept 30	4.5		. 13			
lony (Eliza) i		Oct 1	3.4	5.2	5.2			
ANin	2.35	. Oct 16	3.35	4	- 6			

October to 23 November 1992

Arranged by the FINANCIAL TIMES

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Fc further information, please return this advertisement tgether with your business card to: Francial Times Conference Organisation 16 Jermyn Street, London SW1Y 4UJ; UK Til: 071-925 2323

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1: Before exceptional items. 2: After adjusting for inflation

"We have generated a record

Electricity supplied up 7.5% to 48.4 TWh

prices in its main market and

the slump in others have hurt.

whether a group that has grown by bringing low-priced but quality products to fill a

gap in the market has a place

in the rapidly-changing elec-

For example, it is increas-

ingly difficult to see Amstrad

succeeding in the PC market.

which contributed 54 per cent

tronics world of today.

Doubt is mounting about

quantity of electricity, improved our

Turnover up 10.4% to £2.4 Billion

productivity and increased our profit.

Productivity up 12.5% to 3.6 GWh/employee

I'm confident of a

Operating profit up 48% to £482m

good future, both

Market share up from 17.4% to 18.5%

for nuclear power

Operating cost down 7% to 3.9p per unit²

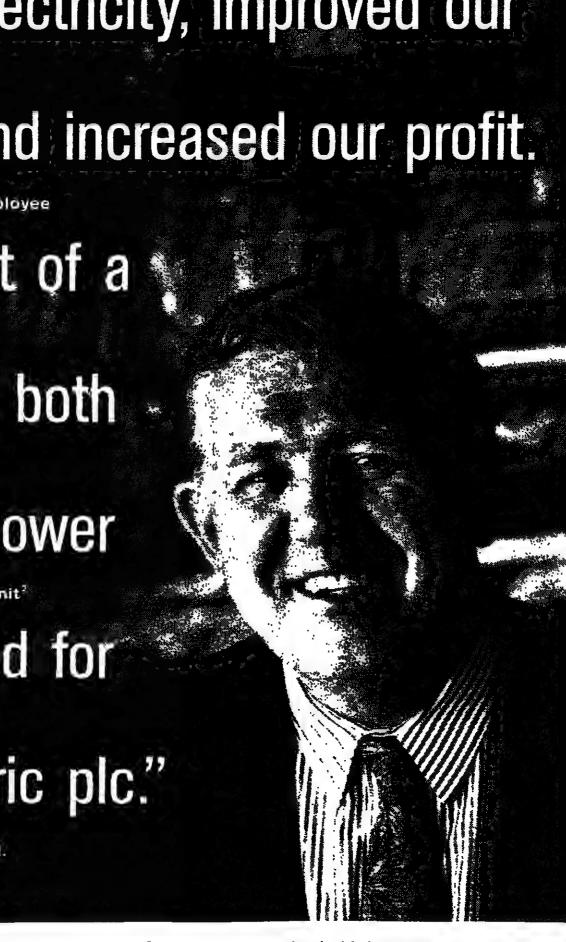
in the UK and for

Nuclear Electric plc."

John Collier Chairman.

Nuclear Electric plc is delighted to announce another excellent year. A combination of record sales and improved productivity has increased operating profit by 48%. We have significantly improved output from our AGR stations and our Magnox stations have continued to operate reliably. Oldbury has set a world record for continuous operation of a commercial reactor. Throughout our operations we have maintained the highest levels of safety. The Sizewell B construction project continues to make excellent progress towards completion both to time and cost.





exceeds

By Nancy Dunne in Washington

ment of Agriculture

that of US

THE EUROPEAN Community

has overtaken the US to

become the world's "residual"

wheat supplier this year, according to the US Depart-

For the first time in recent

memory, wheat stocks held by

the community exceed those

held by the US government.

Traders attribute the reversal

to reduced US crops in the past

few years because of poor

weather and continued bounti-

Community wheat produc-

tion for 1992-93 has expanded,

in terms of both acreage

planted and yields, according

to the USDA. Output is proj-

ected at 90.1m tonnes, slightly

above last year's. US wheat

production is running well

- 59.5m tonnes is projected -but it is still below earlier

While the US has been

steadily subsiding wheat exports through the Export

Enhancement Program, EC export restitutions have been

reduced. USDA officials say

they do not know why the EC

has slowed its export subsidies,

but believe it to be related to

Even while American traders

are taking note of slower EC

exports, US sales overseas

have been brisk. Some of this

has been attributed to election-

vear assistance. US Wheat

Associates, a market promo

tion group, recently noted in

its newsletter that congress-

men and senators are prepar-

ing to face their farmer constit-

pents in the autumn campaign

government agencies involved in export decisions may be get-

ting added pressure from legis-

lators regarding the past

months' wheat export initia-

There is widespread specula-

tion that the administration

may have other good news for US farmers before the election.

According to Ms Kai Mander

of the Institute for Agriculture

and Trade Policy in Minnesota

retaliation against the EC over

disagreements surrounding US

maize gluten feed shipments to

Europe; USDA plans to spend

Program (export subsidy)

funds in October to "empty the

bins" and drive up cash farm

prices; a delay in the Uruguay Round talks until next year

and a proposal to agree a two

year extension of the Multi-Fi-

bre Agreement.

\$1bn of Export Enhance

tives," it said.

"Administration and other

world trade talks.

expectations.

abead of last year's poor crop

ful harvests in the EC.

Brazil chills the market

By Richard Mooney in London and Barbara Durr in Chicago

COFFEE PRICES fell again on the London Futures and Options Exchange yesterday as the absence of frost in Brazilian growing areas continued to chill market sentiment.

The September position, which on Monday had added \$23 to last week's \$29 fall, dipped another \$25 to \$705 a tonne shortly after the opening. But it rallied later to end the day only \$7 down at \$723 a

At New York's Coffee, Sugar & Cocoa Exchange, the prompt September coffee price, which had tumbled four cents a lb on Monday, slipped another 10 cents in early trading to 56 cents a lb. It then managed a small recovery to 56.60 cents iate in the morning before edging back to 56.10 cents a lb in

New York traders had expected a large sell-off in London, in response to the overnight

A SECOND set of negotiations on a new market-stabilising international coffee agreement, being held this week in London should serve to clear the ground for the September council of the International Coffee Organisation, delegates said, reports Reuter. "I believe the fact people are prepared to come here is very meaningful. It would be cynical to attend if we do nothing at all," said Mr Valdemar Carneiro Leao, a spokesman for coffee producers and Brazil's London ICO representative.

sell-off in their own market. coffee had been held off last When that did not occur it belped steady the CSCE mar-

Also, the trade came back in with a little support. But analysts did not expect prices to recover much and some thought they would soon move

With too much production

and too little demand "nothing fundamental is supporting this market", according to Ms Melissa Trout, coffee analyst with Cargill Investor Services. Ms Trout said that unless production was curbed the pic-

ture would continue to be The general drift lower for

week in the New York market because some traders hoped that cold weather in Brazil might hurt some of the crop there. But when the cold snap did not materialise prices fell.

The prospect of some crop damage in Brazil "encouraged traders not to sell as much as they should have," according to Ms Judith Ganes, coffee ana lyst at Merrill Lynch. She believes prices could dip to 50 cents per pound and foresees 'no bounce, not in the short

Contributing to the market's sourness is the lack of progress on a new International Coffee

German take-over of Izok Lake

By Robert Gibbens in Montreal

METALL Mining, a 67 per cent-Canadian subsidiary of Germany's Metaligeselischaft, is buying control of Minnova, one of the Noranda group's mining units, for C\$136.6m (\$113,80m) cash.

Metali's main objective is Mionova's Izok Lake high-grade base metals-silver property in the Northwest Territories.
Development is estimated to

cost about C\$350m at current prices and the mine is scheduled to be on stream in 1997.

"Izok Lake would be one of Canada's biggest base metals mines if it were operating today," said Klaus Zeitler, Metali president. We have increased the

reserve significantly this year. The 4,000-mile shipping route to Europe is open five months

a year and the western route to Japan is more encouraging than we thought." Metall already owns 40 per

cent of Izok Lake with Minnova owning the rest. Metall is buying the 50.4 per cent interest held in Minnova by Kerr Addison Mines, a Nor-

anda unit. izok Lake iies 360 km (225 miles) north-east of Yellowknife, the Northwest Territories' capital, and 240 km south of Coppermines on the Arctic

coast, where a port will be

built. The ore body lies under the lake, which would be pumped out, allowing an open-pit mine to be developed with a mill. The concentrates will be shipped to the port by winter road and then moved out to Europe or Japan by icestrengthened ships during the five-month season.

13.4m tonnes of ore with average grade of 3.2 per cent copper, 14.47 per cent zinc, 1.3 per cent lead, and 74 grammes of sliver per tonne.

Mr Zeitler said that open drilling has increased reserves by 2m tonnes. Only about onethird of the anomaly has been drilled. The full feasibility study will be done next year for a low-cost long-term mining

Once we get the infrastruc ture in place, we can help develop 23 other smaller potential base metals and gold properties in the area," he

"Environmental studies are underway and two existing Canadian Arctic mines have shown that underwater tailings disposal is feasible."

Metali owns 14 per cent of Teck and 14 per cent of MIM Holdings of Australia, which together control Cominco.

(As at Mondey's		
Ajameniam	+3,250	to 1,324,80
Capper	- 2.425	ap 253,550
Leed	+975	10 145,175
Microph	+ 2,274	to 29,910
2nc	- 375	001 JESE 00
Tie	-46	to 14 670

Coffee prices fall as warm | EC wheat | Algerian gas poised for blast off stock now

Francis Ghiles explains how capacity may yet rise to meet demand ply for such customers and

THE RUSH of international oil companies signing exploration deals with Sonatrach could not have come at a better time for Algeria's state hydrocarbons monopoly. So high is the chance of any company finding gas rather than oil that it was only recently, when exploration terms for gas were improved to an acceptable level, that major oil companies decided the risk was worth tak-

Sonatrach is faced with demands for ges beyond its present capacity. In the words of a senior Sonatrach executive: "We are sold out, but people are asking for more".

The new hydrocarbons law passed last December was the personal achievement of Mr Nordine Ait Laoussine, the former Minister of Energy, who has now left the government. The exploration companies, which have yet to spend any money as a result of their new licences, will no doubt want to be reassured that Mr Laoussine's policies will be endorsed by Mr Hassan Mufti, the recently appointed minister of energy, and by Mr Belaid Abdesslam, the new prime minister.

Nor is the political uncertainty limited to cabinet level. The blowing up of the tele-phone cable linking the eastern lown of Constantine to Algeria's second most important oil and gas terminal at Skikda could be an ominous event for the country's energy revenues. The damaging of gas pipelines and facilities by Islamic dissi-dents would be significantly more costly.

Over the past 12 months Sonatrach has signed exploration agreements with Occidental Petroleum, Total, Arco, Mobil. BP and Phillips Petroleum. Apart from the political factor and this is the big conditional - nearly everything else

about Algeria is attractive. Conditions have changed for the better on two fronts simultaneously. Algerian terms for exploration have become more rewarding for gas and external demand for Algerian gas has grown beyond Sonatrach's current ability to supply it. Companies searching for oil and

Algerian Gas Export Commitments and Possibilities (billon cubic metres a year) Pipeline LNG possible 1995 firm Gaz de France 3.8 4.5 1.25 Ensots Distrigaz (Belgius Distrigas (US) Trunkline (US) Shell Cove Point (US) Botas (Turkey) DEPA (Greece) Portugal 25.25 15,5-39.5 28.35 25.89

m a year for half this outlay

"must be as frightening to

competitors as it is comforting

upgrading project being car-ried out by the same three companies that built the LNG

plants in the late 1960s and

1970s, M.W.Kellogg and Bechtel

of the US and Sofregaz of

France will increase capacity

at LNG plants in Arzew and

Skikda from 19bn cu m to 32bn

Meanwhile, the capacity of

the nine-year-old trans-Mediter-

ranean pipeline which bring

gas to the Italian mainland

through Tunisia and the

Straits of Sicily is being dou-

bled. After the work is com-

pleted in 1995, Sonatrach is set

to double its exports to Italy to

26bn cu m a year by the turn of

the century. Further sales to traditional falian clients such

as Snam, the state gas pipeline

company, and the more recent

customer Enel, the state elec-

tricity generating authority,

could push the figure up to 30bn cu m a year by the year

Italy is the most exciting but

not the only market. Agree-

ments have already been

signed to supply LNG to Tur-key and Greece, while newcom-

ers such as Portugal and Ger-

many have expressed interest

in buying Algerian gas. The

collapse of the US market for LNG will free some extra sup-

cu m a year.

Through a renovation and

to potential customers".

finding gas now have a realistic chance of getting a return on their exploration investment. As a result some companies might be willing specifically to look for gas.

Source: Gas Matters

Another dimension of the new law is that it creates investment opportunities for foreign companies able to enhance production from Algeria's existing oil and gas fields. Rates of recovery had fallen below 20 per cent because Sonatrach lacked the same degree of international experience gained by global operators. Like many countries in the 1970s Algeria's drive to assert its own sovereignty over all oil and gas production excluded it from the advanced technology that less closed third world countries such as

Indonesia were able to enjoy. Since the departure of the hardline Mr Belkacem Nabi, successive Algerian oil ministers have increasingly recognised the mutual benefit to be gained from working together with international oil companies and sharing the benefits of their combined resources.

Sonatrach is also lucky in one other respect. Mr James Ball, director of Gas Matters, points out that in a world where greenfield liquefied natural gas projects cost \$4bn for a couple of trains of LNG able to produce 5bn cubic metres of gas a year, the prospect of increasing capacity by 10bn cu

buyers.

to increase and supplies are to reach Morocco for the first time. Spain, a long established buyer of Algerian LNG. recently committed itself to continuing imports at the current level once the gas pipeline scheduled to be built through Morocco and across the Straits of Gibraltar is completed. It is to supply Spain with 6bn-7bn cu m a year from 1997. The dramatic rise in Spain's gas requirement is largely driven by a policy decision to freeze the nuclear programme in favour of gas-fired power. A further 1bn cu m will be bought by Morocco.

potential central European

Exports to Spain are also set

In addition to traditional oil and gas sales, a significant number of spin-offs have produced new joint venture oppor tunities

One of the first such ventures, formed after the shift in Algerian investment policy began, was that between L'Au Liquide, Air Products and Son atrach to extract helium from the gas stream going into the LNG plants.

A much larger joint ventur is the expansion of liquid petroleum gas export facilités at Arzew. It encompasses the expansion of the existing "Jumbo" LPG plant and te increasing of production as result of an upstream feld enhancement project in which Total is playing a key role.

The political uncertanty which besets Algeria tday comes at a most inopporune time for its gas industry its major competitor in Euroean gas markets was the Sviet Union, which in its newfragmented state, is not the nost reassuring and attractive ros-

pect to western buyers.

It is beset by politica and commercial problems that could raise far greater ostacles than those faced and threatened in Algeria. Euspe's other major gas suppliers Norway and the Netherland are not aggressively selling The only impediment to Aleria climbing through the widow of opportunity would now appear to be one of Algrian making.

MINOR METALS PRICES

In April, Minnova reported

week's in brackets). market 99.6 per cent, \$ per tonne, in warehouse, 1,715-1,745

BISMUTH: European free market, min. 99.99 per cent. \$ per ib, tonno lots in warehouse. CADMIUM: European free market, min. 99.5 per cent. \$

per lb, in warehouse, 0.75-0.95 market, 99.5 per cent, \$ per lb.

Prices from Metal Bulletin (last in warehouse, 30.50-22.50 (32.00- kg) WO3, cif. 53-62 (same). 23.50). market, min. 99.99 per cent, \$

per 76 lb flask, in warehouse, 140-160 (same). MOLYBDENUM: European free market, drummed molybdic oxide, \$ per lb Mo, in ware-house, 2.35-2.40 (same).

SELENIUM: European free market, min 99.5 per cent, \$ per lb, in warehouse, 4.80-5.50. TUNGSTEN ORE: European COBALT: European free free market, standard min. 65 per cent, \$ per tonne unit (10

VANADIUM: Buropean free V₂O₄, cif, 2.00-2.15 (same). URANIUM: Nuexco exch

value, \$ per lb, U₃O₃, 7.75

Ajumnium	+3,250	to 1,324,800
Capper	- 2425	to 253,550
Less	+975	to 146,175
المنهنة	+ 2,274	29,910
වෘද	- 373	100 325,100
Tim	-86	to 14,570

COCOS - London POX

600

Clase Porvous High/Low

608

Higher European sugar production estimated

SUGAR PRODUCTION looks the eastern European sugar set to rise this year in both eastern and western Europe, F.O. Licht, the influential German sugar statistics agency. said in comments accompanying its third estimate of 1992 European sugar beet plantings. reports Reuter from Raixe-

durg.

one supplied by Amalgamated Metal Trading)

Ask Official Kerb close Open Inte

ures and lead to an eastern area to 3.99m hectares (9.8m European output more than 1m tonnes higher," Licht said. acres) from a previous forecast.

On the basis of average of 3.73m ha. The area remains slightly below last year's 4.08m yields for the last five seasons Licht projected that western "When it is recalled that last European output would rise by about 2m tonnes. But weather season yields were extremely low it can be appreciated that conditions suggested, however, sugar output could substanthat the projection could well tially exceed last season's fig-

CRUDE OIL (Light) 42,000 US gails S/berrel

The area under sugr in western Europe was ut at 2.66m ha, unchanged from the last estimate issued in April and only marginally below 1991 plantings on 2.67m ha. The total 1992 Europea area

was put at 6.65m ha, up com a

previous forecast of 6.3m ha

but down from 6.75m is in

Chicago

WORLD COMMODITIES PRICES

1344 5-5.5 1368-9

340-1 350-5-1 5

n, 198.7% party (\$ per ton

C1096

1327-8

1320-1 1344-8

338.5-7 S 347 5-8 0

MARKET REPORT

A SHARPISH Iall in ALUMINIUM prices was the main feature of a quiet day the London Metal Exchange. The cash price reversed the uptrend of the two preceding trading days to close \$17.50 down at \$1.327.50 a tonne in a follow-through to a technically weak close on Monday. Dealers said chart patterns remained a bearish influence on the market. Another rise in LME warehouse stocks of aluminium came as no surprise and had little influence. but in the NICKEL market a 2,274-lonne stocks rise was a major factor pushing prices lower. At the close the three months price was \$82.50 down

London Markets

SPOT MARKETS		1
Crude all (per barrel FQS)		+ or -
Oubar Brent Blend (dated) Brent Blend (Sep) W.T.I /1 pm est)	\$18 45-8 55 \$20 75-0 80 \$20 70-0 80 \$22,05-2 10	+ 0 10 + 0 20 + .175 + 175
Off prompt delivery per	lonno CIF)	4 pr
Premium Gasoline Gas Od Heavy Furl Od Haphina Patrolaum Argus Estimates Other	\$225-228 \$187-189 \$25-87 \$195-197	+2 -1
Gold (par tray az) 4 Silver (per tray az) 45 59 Platinum (per tray az) Palladium (per tray az)	\$268.45 395 Oc \$375 CO \$89 25	-0.45 -3.0 -2.5 -0.15
Copper IUS Producer) Lead (US Producer) Tin (Kusla Lumpur market) Tin (New York) Zinc (US Prime Woolern)	119,12c 38.9c 16.80r 316.5c 82.0c	-0 45 -0.45 -3.0
Cattle thing weight? Sheep (live weight)? Phys (live weight)?	111,40 73,49p 82,14p	+ 0.86° -5.14° -3.12°
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price		-20
Barkry (English tood) Maizo (US No. 3 yellow) Wheat (US Dark Northern)	11010 1151.5 Unq	-20 0.5
Rubber (Sap)♥ Rubber (Oct)♥ Rubber (PL RSS No 1 Jul)	50.75 50 75p 222.0r	+10
Cocorul oil (Philippinesis	\$470 Ot	-50.0
Palm Of (Maloyelan)§ Copra (Philippines)§ Soyobeans (US) Custon "A" Index Woolloos (64s Super)	\$370.02 \$337.5 \$135.0 \$4 60c 3839	-2 5 -0.30
C a tonne unters otherwise e-controllo r-inngglute to y-Sep z-Aug Tileat Common fock prices "change from a physical SCIF Rottordam close, m-Maldysian contally naw frow weight prices, SSC	iep/Oct w-A lission avera week ago ♥ Bullion s. Sheep pri	ug/3ep ge lats- London markel cos ana

at \$7,560 a tonne. COPPER prices were also lower in sterling terms but that was entirely due to the currency factor. The cash position's \$7 tall to £1,320,50 a tonne translated into a \$2 rise in terms of the weakening US currency. The retreat of the PLATINUM price continued following news of a wage settlement being agreed at Impala of South Africa. The price fell \$2.50 to \$375 a troy ounce, taking the fall over the last three trading days to \$8.40 an ounce, Profit-taking ended COCOA'S rally and the September futures price closed

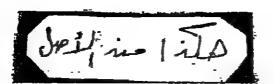
SUGAR	- Laude	e FOX	(\$ per to
Raw	Close	Provious	High/Low
Aug	255 00	240 80	245 CG
Oct	226 D0 207 D0	221.80	224 00 204 00
Dec Mar	214 00	511 00	212.00
White	Close	Previous	High/Low
Oct	273 50	274 00	2/6 90 272.50
Mar	273.00	274 00	273,50 272,70
May	27£ 50		276 90
1366 22	62 (52) Pa Dec 1365 E CIL - II	56	(FFr por tonne)
	Elow		s High/Low
Sep	20,72	20.73	20,79 20 65
Oct .	20 65		20 72 20 58
Nov	20 57		20.62 20 50
Desi	20.46	20 44	20.47 20.42
134	20.31	20 25	20.32
May .	19.80		19.80
Turnov	or 15000 (2		
GAS O	(L ~ IPS		
	Clase	Providud	High/Low
Aug	189.75	188.2\$	190 50 109.00
	192.25	190.25	192.25 191.00
Sen	194 50	192.50	194 75 193.50
Sept Oct			196.60 195 50
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Seni Oct Nov Dec	197 25	195.50	197 50 196.75
Seni Oct Nov Dec	197 25 195 50	195.50 193.78	196,25 195 50
Seni Oct Nov Dec Jan Feb	197 25 195 50 191 75	195.50 193.75 189.50	196,25 195 50 192,00 191 00
Seni Oct Nov Dec Jan Feb Mor	197 25 195 50 191 75 187 25	195.50 193.78 189.50 185.25	196,25 195 50 192,00 191 00 188 00
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			Sep Out	21.94	22.94 21.94	22,12 22,00	21.95	-	Close			
1349-6	0 17	7,479 lots	No.	PUR	21,84	21.91	21.86 21.76	-			High/Lo	
Fotal de	dy turnove	r 16,754 lois	Dec	21.74	21.74	21.50	21.66	Aug		555/0	560/0	155/
			- Aun	21.59	21.60	21.63	21,65	Sep	559/6 662/8	555/2 557/2	561/2 564/0	156/
1341-2	13	7.916 lots.	Feb Mar	21,28	21.40	21,43	11.50	Jan		88476	57 1/S	1571 1651
l'ond d	alfe Battern	er 5.853 loks	Apr	21,14	24.00	21,30	21.23	Mar	578/0	573/0	580/0	574
		- 0.000 -00	May	21.02	21,04	21.03	21,06 20,96	Mar		57B/0	586/0	161/
348-9	26	492 lots	Jun	20,90	20.52	30.01	20.65	اين	588/4	583/0	580/6	186/
		or 4,961 lots	MEA	THIS CIT.	42,000 US g	alla com		_ Aug		582/4	588/0	47/
1000	my service	91 T,301 1005						_ 90	YABEAN O	EL 60,000 lbs;	cents/lb	1
7560-6		425 lots		Close	Previous	High/L	DW .		Close	Previous	High/Lo	
			Aug	61.75	62.41	82.65	61.50	Aug				
1001 0	my musica	er 2,437 locs	Sep	62.32 63.30	62.91	63.15	62.10	Sep		78,81 18,99	15.96	. s:
69170-6	19	184 iots	Nov	54.27	63.34 64.57	63.80 64.70	63.05	Clet		19,15	19.17 19.32	19 18
_	100		Dec.	65.07	65.27	65.40	64.75	Date	19.57	19.46	19.64	19
1001 55	sh ansons	19,045 lotte	Jan	65.22	95.37	65.35	65.09	Jen		19,61	19. 8 0	19
99.40 At		-	Feb	64.12	64.22	84.25	64.10	hite:		10.90	20,07	19
1340-50	T40	45 to	Apr	51.62 39.32	61.72	62.00	61.80	Jul	20.54	20,20 20,45	20.35	50
_		mits: 1.8427	Nury	57.57	39.42 57.67	9	0				20.60	20
	2 844	index 1.9423						- 801	ABEAN M	EAL 100 tons:	When	
			300		nes,5/sonne	•		_	Close			·
		٠.		Ciose	Previous	High/La	3/4	- :-	_	Previous	High/Lot	et .
rk			. Sep	1023	1012	1027	995	_ Aug	173.6	172.5	173,8	. 17:
4 86	-		Dec	1082	1072	1084	1057	Sep Oct	174.4 190.3	173.4 188.9	174,7	17;
			Mar	7131	f 121	1125	1108	Dec		188.1	190,E	186
			May	1180	1150	0	D.	· Jan	183 0	187.5	190,0 189,3	188
Stroy :	DZ.		Sep	1220	1180 1210	0	9	Mar		167.3	189.0	. 188
revices	High/Lov		Dec	1255	1245	ě.	ğ	_ May	187.5 187.5	165.7	187.5	. 187
_			Mar	1293	1283	0	à			186.0	188.5	187
167.9 118.1	2000.0	0	May	1321	1311	0	. 0	MAL	ZE 5,000 bu	min; centri;	ēlb bushel	•
56.3	380.9	358.0	COFF	££.C. 3	7,5000as: ce	nts/lbs		-	Close	Previous	High/Los	
50.9	352.0	389.1		Close	Previous			- 5-0				<u>"-</u>
ELV	363.9	362.0	===			HightLo		Sep Dec	227/2	222/2 226/6	224/6	223
61. 4	355.6	364 1	Sep	58.60 59.35	56, 10 59,00	57.15	56.00	Mar	235/6	235/2	229/0 237/4	227
66.8 67.5	36%.6	366.0	Mar	62.20	61.80	50.75 62.50	\$8. 8 0	May		240/2	242/4	235
107.5 102.5	0	6	May	95,13	66.00	66.50	61.55 65.70	Jul	244/6	244/4	248/2	240
	•		Jul	68.35	66,00	66.55	66.20	Sep Dec	244/4	243/4	245/0	244
		٠.	Şep	70.45	70.10	70,40	70.40	Udc	245/2	243/4	248/0	244
			Dec	74.05	73.70	74.00	74.00	-				_)
07, S/00	Y OZ.		#UQ/	R WORL	711-112,0	00 lbs: cs	interfies	_ and	AT 5,000 b	min; cents/6	iOlb-bushel	1
revious	High/Low			Close	Previous			_	Close	Previous	High/Low	
			-			HighyLo		Зер	335/2	335/6		
81.2 78.5	379.0	379.0	Oct :	10.06	10.03	10.11	3.97	Dec	344/6	344/6	338/0	335/
78.5	375,1	374.0 372.8	May	9.66 9.60	9.63	9.72	9,60	Mar	348/8	348/4	347/4 351/2	344/
78.5	275.0	373.6	34	9.55	9.56 9.50	9.65	3.53	May	342/4	343/0	345/0	\$487
77.5	0	0	Oct	8.41	9.36	9.56	9.52	Jul	325/0	326/6	328/0	142V
		-	2077			3/44	9.42	Sep	331/0	331/0	331/0	BIA
			COIL	UN 50,00	t cents/ibs			- Dec	339/6	340/0	340/0	39/1
				Close	Previous	HighVLa		- TAE	CATTLE 4	2,000 ibs: can	ts/lbe	-
oz; cent	REGA SE		Oct	61/34	62,07	62.40			Close			
Tavious	High/Law		Our.	60.11	60.74	60.75	61,30	_		Previous	High/Low	' I
94.7	383.5		Mar	61.20	81,78	62.12	60.07 61,15	Aug	72.700	72.550	72.800	120
P5.3	9913	393.5 9	May	62.10	52.65	62.65	82.00	Oct Dec	72.525	72.575	72 850	125
963	380.0	395.0	Uka . Oct	E2.77	53.31	83.30	63.00	Feb	71.425 71.175	71,150 70.000	71 575	25 400
06.4	401.5	309.0	Dec	63.00 63.30	63,01	63.01	63.00	Apr	72.375	70.925 72.026	71.250	787 792 630 619
01.9	0	0 .			63.25	63.30	63.30	Jun	69.400	60,100	72.400	7,92
04,8	404.0	404.5	OKAN	Of His	15,000 lbsc	Cente/ibe		- Aug	68.150	68.060	69 550 68.300	6230
17.7 19.4	0,504	407.0		Cione	Previous	High/Lo						O I D
53.3	410.0	400.5	9-4	4.7.00			<u> </u>	LIVE	HOG\$ 40.0	00 lb, sents/it		- +
17.9	ă	8	Novi	117.00	117.05	118.50	116.65		Close		<u></u>	
	-	•	Jan	113.80 112.45	112.85	114.00	112.40	-		Previous	High/Low	7
			Mar	112.60	112.00	112.95 172.60	111.56	Aug	42.450	42.575	42.600	4000
			May	112.50	112.00	0	112.20	Oct Dec	37.725	38.076	38.225	378
PER 25,0	00 flak, con	ba/libs ·	Jal	112.20	111.60	ō	9	Feb	40.025	40.375	40.300	39 90
nylous	Higgs/Loss	-	_	•		-		Apr	41 150 39.850	41.425	41.400	4256 3750 3930 4030 39.10
			IMDA	223			 -	Jun	45,300	40.050	39 900	39.10
4 50 4 75	115.00	114.00	HELT	ERS IR-	e Series	me 10		Aug	43.300	45.400 43.400 ·	45.400 .	45.JU
M.75	115 15	114 Th	1	- 10 (DB)	a: Septemb	at 19 183	- 100)	POPU			43,400	43.10
4.35	1112	114,15 0	1-	382	Jul 27	பதார் சர	о ут адо		ACTIVES !	(0,000 fbs: ce	nts/lb	7
14.15 14.10	0 -	ō	1-	1549.2		1563.A	1710.0		Close	Previous	High/Low	
	\$14,75	113.60	WOG	JONES (lese: Dec. 3	1 1974 -	100	Aug	29,000	28.675		_1
3.60	0	9	1	Jul.27	Jul 24			Feb	38.600	49.075 36.400	29.000	29.0
3.15 2.70	0 113,50	9	10-	-442.40		mmh ag	yr ago	Mar	38.500	36.150	38,650	37.4
500	0	0.						- May	39.350	39 700	39.750 39.350	37. () 38.5
	-	1		_	•			To.	38.550 38.760	₹1.000	0	38.6
			~ .a	F 1:			V	. L		38.350	38,760	0
					_) A					- 1



LONDON STOCK EXCHANGE

Technical rally boosts share prices

By Terry Byland, UK Stock Murket Editor

THE LONDON stock market enjoyed a widely expected rally yesterday, rising sharply in the second half of the session in spite of the predictedly bearish survey of opinion from the Confederation of British Inchutry (CBI). The driving force came from an early gain in the new Wall Street session. Trading volume in London equities was not large enough to imply. a convincing change in the

investment mood. Equities opened firmly behind more stable performances in Tokyo and New York. Traders were poised for a rally in a London market which had fallen by more than

ing account. Shares in Well-come stabilised as the £2.16bn share sale was absorbed. Dealers sensed that some bear posi-tions had been left open in blue chip shares which had been sold to raise cash for the new Wellcome stock. More significant, however,

was the squeeze on marketmakers' books after the prolonged selling bout. Traders seeking stock to meet previous selling orders in such recent losers as Thorn-EML Reuters and BAT Industries found prices moving up ahead of

However, lack of genuine investment demand left the Footsie struggling to hold its early gain of around 15 points. The CBI quarterly survey, confirming that the economic

Account	d Dealing	Debe
*First Dealings: Jul 27	Aug 16	Mag 24
Option Declarat Aug 6	lone: Aug 20	Sep J
Aug 7	Aug 21	Sop 4
Account Day: Aug 17	8ep 1	Sep 14

failed to materialise", had been so widely discounted that it had little effect one way or the other.

The final impetus for London came when Wall Street, discounting its own bad news in the shape of a heavy fall in the US consumer confidence index, opened strongly, gaining nearly 30 Dow points during UK trading hours. The UK

other European bourses in responding to Wall Street. A determined buyer for the Sentember contract on the FT-SE Index in the stock index futures market lit the fuse under the underlying blue chip stocks. The FT-SE Index rose sharply and closed, just under the day's best, at 2,373.4 for a

gain of 25.4. The day's Seaq trading total of 446m shares was not particularly exciting, even by recent standards; Monday's Seaq total of 564.4m, worth £1.3bn in terms of retail business, was swellen by trading in the 270m new Wellcome shares.

One of the more genuin firm sectors was the distillery industry, which took a highly favourable view of the Euro-

market was quick to follow peqn Community agreement on a package of binding excise duties which, in the view of City analysts, might presage a curb on further increases in spirits duties in the UK and other producer countries.

> interests, led the way forward. ICI, the market beliwether

stock, which announces trading results tomorrow, benefited from recommendation by a leading UK investment bank. However, market strategists maintained that yesterday's rally was no more than a technical bounce in a badly shaken stock market. Traders continued to doubt whether either the stock market or the UK economy is ready to mount a sustained recovery at this

FINANCIAL TIMES STOCK INDICES July July tear 23 22 Ago 127 40 49.18 (9/1/35) (3/1/75) 89.17 89.13 Flund Internal 2373.4 2348.0 2377.2 2399.5 2387.9 2595.6 FT-SE 109 Share Ord. Dw Yield

Earning Yić %(full)

P/E Ratio(Not)(&) Bruc 103 Boys Sec; 15/10/26 Fored Int. 1928, Orevary 1/7/35 Seld manus 12/9/55, Bases 1000 FT SE 100 31/12/83 A FI SE Execuses 200 26/10/90 1 No 15/60 SEAO Barens 5.00pm GILT EDGED ACTIVITY Indices* Gilt Edged Ordinary Share Index, Hearly change Open 9 am 17713 1775.4 1780.8 1779.3 Day's High 1786.8 Day's Low 1771 3 Bargains 12 pm 1774.5 1776.6 1775.2 1778.3 1783.4 FT-SE 100, Hourly changes 'SE Activity 1974. Day's High 2373.4 Day's Low 2352.9 12 pm 1 pm 2 pm 3 pm 4 pm 2355.4 2357 6 2358 7 2368 7 ne. Dev's High 1891 99 Day's Low 1087 34 Open 1090 31 1090 47 1088 60 1088.26 1088.12 1088 55 1089 17

Spirits sector active

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mated

SHARES IN the big spirits distilling companies showed a mixed performance, with Guinness reacting most favourably to news that the European Community intends to leave current rates of excise duty unchanged. Guinness jumped 21 to 534p, but Grand Metropolitan gained only a penny to 415p in spite of hefty turnover 6.6m shares, while

Allied-Lyons lost ground. Mr John Wakely, drinks analyst at Lehman Brothers, said the decision to freeze excise taxes at a lower rate for southern Europe than generally applies in the north will have very important implications over the next few years. Duty in southern Europe is little more than the equivalent of £1 per standard bottle, compared with about £5 per bottle in Britain.

From the beginning of next year, UK consumers will be able to import from the Continent substantially higher amounts of beer, wine and spirits, and Mr Wakely believes that if the UK authorities wish to maintain a reasonable level of sales "in the long run they will have to cut excise duties". Such a development is likely to boost sales of spirits in the UK.

Generators upset

The two English and Welsh power generation companies, PowerGen and National Power, were respectively the day's second and third worst performers in the Footsie list amid fears that they may face a referral to the Monopolies and Mergers Commission.

The referral worries emerged after news that Offer, the electricity industry watchdog, has requested an explanation from the generators as to why electricity prices have risen so sharply since May. PowerGen fell 9, or 3.5 per

cent, to 245p on heavy turnover of 5.2m shares, while National Power retreated 10, or 4.1 per cent, to 232p on 8.1m traded. Specialists were surprised at the market's strong response

to the news, saying it was too early to gauge whether the

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (3).

RISCE COMPOSITE (1) PBD, MEGUA (1)

TVS Ent. TRANSPORT (1) PB O SType Prid.

NEW LOWS (190).

AMERICANS (3) Bethleham Steel, Gen.

Elect., Honeywell. CANADIANS (1) Can.

Blact., Honeywell. CANADIANS (1) Can.

Bethleham Steel, Gen.

Bethleham St. Bethleham Steel, Gen.

Blact., Honeywell. CANADIANS (1) Can.

Bethleham St. Bethleham Steel, Gen.

Bethleham St. Bethleham Steel, Gen.

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Rissell A B., Toyo T B. Yesuad T B.

Rissell A B., Toyo T B. Yesuad T B.

REWERS (3) Edridge Pope, Merrydown Wins, Wolv A Dudsey, BLOG MATLS (14)

Beggeridge Brick, CRH, Erith, Evered

Bardon, Hepworth, Heywood Wiffma, Do

CV Pf. Marley, Marshalls, Needler, Potypiel,

Russell (A), Tarmac, Wolseley, Bussell AS.

SERVS (1) Johnson Cleaners, CHEMS (3)

Erik & Everard, Laporte, Laigh Ints., CONTG

& CONSTRON (17) Ashtead, Barratt Dev.

Countryside Props. Cunton, Gelfisord,

Gleeson (MJ), Hawelock Europa, Kajina,

Mandarn (J), McAlpine (A), Mowiem (J),

NSM, Persimmen, Rame, Try. Ward Hidgs.,

Witson Bourden, SLECTRICALS (4) BCC,

Dowding & Mills, Fujitsu, Wholesale Prigs,

ELECTRONICS (4) Betacom, Herland Simon,

Lopica, Norak Dana, Elma AERO (1) Brit.

Aerospace, EMG GEN (6) Astes, BSS,

Meggit, Silversimes, FOOD MARNE (6)

Borffwicks, Cilliford, Perkine, Tas & Lyle,

Do 7 Lpc P, FOOD RETAILING (4) Ashley,

Brake Fors, Wardle Robert, Watson & Pritip, HEALTH & HSENOLD (3) Fisons,

Hospital Corp. Medows, HOTELS & LiB

(6) Bremt Walker, Chryselle, First Leis, Forts,

Cuetoms Monat 7 2pc P, Rent Crg.

Wharledale, Zebras, RESCE BROKERS (2)

Lloyd Thompson, Streng, New TRUSTS (45)

Abertorth Spitt Level Uts, Alfience Trust,

American & Angle & Chase, Bellie Gelford

Japan, Belfie Gifferd Shin Mippon, Brit.

Inv., Chy & Commel, Fing, Norte, Fingl.

Britisher Gentle, Condens, Finds, Pers, Find

John, Martin, Perry, Sanderson Merry Eder,

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Britisher Charm, Harden M. Johnson, Hills,

Holley Honey Server, Honey Strenge, Chys.

Holley Honey Strenge, Condens, Marn

generators' reply would be suf-ficient to head off the likelihood of an investigation into electricity prices. "But the market has obviously taken fright at the uncertainty," said

MMC rules

Allied-Lyons finished well above the day's low, helped by the European Community rul-ing on excise taxes, to leave just a net decline of 3 at 602p on the Monopolies and Mergers Commission's (MMC) recommendation that Allied's pro-posed brewing deal with Carlsberg should not go ahead in its

present form.

The shares fell to 592p on disappointment with the decision of the MMC - which had generally been expected to spprove the deal— as the runing argued that there were several reasons why the joint
lager brewing agreement may
lager brewing agreement may
staged a strong rally, with
bear-closing said to have been ifications are made".

Before the MMC announcement, Allied shares had been boosted by a buy recommendation from County NatWest. Business was brisk, with 4.1m shares changing bands during

New BAe setback

The long-running story that the European Commission may yet require British Aerospace (BAe)to repay alleged illegal

EQUITY GROUPS

state aid, or "sweeteners", paid by the UK government to the group when it took over the Rover Group triggered a slide

in BAe shares. The day's weakest individual .1.260 performer among the Footsie's constituents, the stock closed a net 10 lower at 180p, or some 5.3 per cent down, having been as low as 178p. Turnover was 3.3m shares. BAe is alleged to have received around £45m when it acquired Rover in 1988.

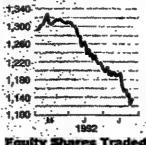
Mirror Group Newspapers encountered its first sustained bout of selling pressure since the relisting a week last Pri-day. The shares, which were requoted around the 50p mark, faltered at the outset yesterday and retreated from an opening 74p to touch 67p before stabilising and ending another busy session only a fraction easier a big factor in pushing the

shares up 42 to 1027p. A series of savage profits downgrades caused Kwik-Fit. the tyres and exhaust replacement company, to plunge 44 to 125p, the day's steepest individ-ual decline on the London stock market.

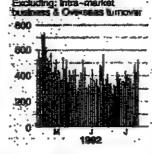
The drop in the share price was accompanied by some exceptionally heavy activity in the stock, with some 4m shares

changing hands.
The company's joint brokers

FT-A All-Share Index



Equity Shares Traded Trimover by volume (million) Excluding: Intra-market



downgrading. Panmure Gordon was said to have chopped its current-year profits forecast from £36m to £23m and that for next year from £40m to £30m. UBS Phillips & Drew was thought to have lopped film from this year's estimate to £24m, and £12m to £28m for the following year. A block of 7.7m Pilkington

shares were traded at 78p well below the ruling price of The company's joint brokers 89p - minutes before the offi-were among those houses cial close. The deal was

Year age

thought to have been a bed and breakfast (or tax-related) deal. British Gas, up 4 at 345p, benefited from a series of sizeable switches from the power

Diploma fell 11 to 268p as a

profits downgrade from Smith New Court coincided with a hefty selling order from another top UK broking firm. A large line of stock in BOC sent the shares down 10 to 614p. Fibre maker British Vita suffered in similar circumstances as dealers reported difficulties in placing a line of 400,000 shares. The stock finished 4 down at 240p on turnover of 1.2m. A £15.8m onefor-10 rights issue from ML

Continuing positive noises from the tour operators that summer bookings were picking up and discounting going down lifted selected holiday stocks.

Laboratories left the drugs

group 28 adrift at 735p.

Property and leisure group Ladbroke benefited from positive notes from County Nat-West and S.G. Warburg, the former advising a buy on secure dividend consideration. The shares rose 6 to 177p. Market sentiment also helped Thorn EMI, 15 ahead at 732p, and Granada, 12 up at 245p.

MARKET REPORTERS: Colin Millham,

Steve Thompson. Other market statistics.

MRITISH FUNDS

Christopher Price,

6 445 2 590 384 2 1 700 382 2 1 800 384 2 1 800 384 3 100 382 3 100 383 3 100 383 3 100 383 3 100 383 4 100 383 Controls PSSC (759 ste) Planeson A Parent Pa Design of the control of the control

TRADING VOLUME IN MAJOR STOCKS

EQUITY FUTURES AND OPTIONS TRADING

A QUIET day's trading in bling, and by 9.30am the constock index futures was enlivened by a late burst of buying activity which left the market at a premium, writes Christo-

The September contract opened brightly with buyers deciding Monday's falls had been overdone, and within minutes it had climbed to 2,370. But the momentum was short-lived as independent traders sent September tum-

BRITISH FUNDS - CONL

tract was trading at 2,361, its lowest point of the day. Support was triggered at points to its estimated fair this level and September value of 12. Volume was a

began a slow climb, although buyers remained scarce. A firm Wall Street helped confidence, and as on Monday, September finished with a flourish as the last hour's trading saw a squeeze, County NatWest and BZW being prominent among the buyers.

September ended at 2,387, up 32 points from the previous close and at a premium of 8

Business in the traded options market was similarly quiet, with 19.696 contracts dealt, some 4,200 below Monday's level. The FT-SE option had nearly 7,000 lots traded. BTR was the busiest stock option on 1.284 contracts.

FT-ACTUARIES SHARE INDICES

⁹ The Pinancial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the institute of Actuaries and the Faculty of Actuaries

Tuesday July 28 1992

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Index Index Index No. Charge No. Char	21	CONSUMER GROUP (189)	1526.13									152
Bases show number of lindex Day's No. Clarge No.	10	Other Industrial Materials (19)	1556.87									
Bess show number of lindex No. Day's Change No. C												
Index Index Index No. Charge No. Char		Metals and Metal Forming (7)										43
Index Inde		Engineering-Aerospace (6) Engineering-General (43)										45
Index Inde	5	Exclored (28)	204 20									168
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FIX	ED I	NTE	REST	г	AVERAGE GROSS REDEMPTION YLELDS Jul Jul 28 27					
PRICE INDICES	Tue Jul 28	Day's change	Mon Jul 27	Accrued laterest		122	British Government Low 5 years Cospons 15 years	8.36 8.77 8.77	8.34 8.76 8.76	9.04 9.87 9.87
. British Government			121.31	1.38	7.91	4	Medium .5 years	9.27 8.96	9.25 8.95	10.23 10.06
1 Up to 5 years (24) 2 5-15 years (26)	138.16	-0.06	138.55	1.75	8.37	7	(8%-104,%) 20 years	8.91 9.49	8.90 9.48	10.00
3 Over 15 years (8) 4 irredeemables (6)			150.67 169.23	1.72 2.33	7.35 7.34	ġ	Compose 15 years	9.14 9.06	9.12 9.03	10.18 10.09
5 All stocks (64)			135.74		8.24	10	Inter-United	9.03	9.03	10.08
Index-Linked 6 Up to 5 years (2).	172.96		173.06		1.83	12	inflation rate 5% Up to 5yrs Inflation rate 5% Over 5 yrs	4. <u>21</u> 4.48	4.18 4.47	4.40 4 <u>.3</u> 7
7 Over 5 years (10) 8 All stocks (12)		_	150.06 152.04	0.48 0.57	3.09 2.90		Inflation rate 10% Up to 5 yrs. leflation rate 10% Over 5 yrs.	3.45 4.29	3.43 4.28	3.45 4.18
9 Bels & Lates (62)			_			15	Debs & 5 years Leans 15 years 25 years	10.57 10.31 10.17	10.56 10.31 10.17	11.90 11.66 11.44
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LONDON SHARE SERVICE

BANQUE NATIONALE DE PARIS

USD 250.000.000 Floating Rate due 1997.

Applicable interest rate for the interest period from 24.07.92 up to 26.10.92 as determined by the reference agent is 5,6875 per cent per amum namely USD 962,85 per

П COMMENT **TRAVELS** THE WORLD

NOTICE OF REDEMPTION

Texaco Capital Inc.

NOTICE is HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of August 29, 1985 among Texaco Capital Inc. (the "Company"), Texaco Inc. (the "Guarantor") and The Chase Manhattan Bank (National Association) (the "Fiscal Agent") and pursuant to Section 15 of the 10% Guaranteed Notes due 1995 (the "Notes"), the Company has elected to redoom on August 29, 1992 (the "Redemption Date") all of the outstanding Notes at a redemption price of 101% of the principal amount of such Notes (the "Redemption Price") together with accrued interest thereon to the Redemption Date.

Payment of the Redempiton Price will be made on and after the Redemption Date upon presentation and arrander of the Notes together with all appurtenant coupons maturing subsequent to the Redemption Date the paying agents issed below

The August 29, 1992 interest payment will be paid in the usual manner.

The Chase Alamhattan Bank, N.A. London Branch Woolgale House Coleman Street London EC2P 2HD, England

Chase Menhellen Bank (Switzerland) Postach 162, 9027 8022 Zunch Switzerland

Frankfurter Bank Frankfurter Bank Bockenherner Landstrasse 10 D-6000 Frankfurt/Main 1

Chase Manhatten Bank (Luxembourg) S.A. 5 Rus Plaens L-2338 Luxembourg-Grund Luxembourg

On the Redemption Date, the Redemption Price will become due and payable upon all the Notes. On and after the Redemption Date interest on the Notes ceases to accrue

TEXACO CAPITAL INC. By: THE CHASE MANHATTAN BANK

Dated: July 29, 1992

Currency Fax - FREE 2 week trial . from Coort Analysis 11d Tel. 071-734 7174
7 Santtow Street, Leasten Will 7HD, UKexchange rate specialists for over 18 years
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761 071-734 7174
Fox 071-439 4966



Notice of Appointment of Joint Administrative Receivers PRESELL PRINTERS LIMITED Registered number: 1694123. Nature of business: Printers and Stationers. Trade classification: Printers and Stationers. Date of

nent of joint administrative recovers: 21 July 1992. Name of purson appointing the joint administrative receivers: Barchays Ranks Pie. KOSEPH PATRICK CONSIDINE and RICHARD ANTHONY SMART, Joint Administrative Receivers, (Office holder and 1768 and 2530), Curk Gully, Churchill House, Cherchill Way, Cardiff CI'l AXQ

Notice of appointment of Administrative Receiver

in the matter of

MOES STORAGE (GREAT BRITAIN)

In the mality of the Insolvency Act 1986
Registered number: 466890. Nature of Susiness:
Management Company. Trade classification: 37.
Date of appointment of Administrative
Receiver(s): Midland Bank plc. Antony B
Thompson (office holder no. 6413). Joint
Administrative Receivers. Aquis Court, 31
Pibbood Storet, St. Affans, iterforbipe AL3
487, Stophen S James, (office holder no. 2125).
P O Ben 710, 20 Farringdon Street, London
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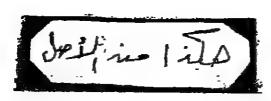
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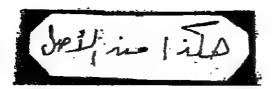
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	• Current Unit Tru	FINANCIAL TIMES WEDNESDAY JULY 29 1992 at prices are available on FT Cityline. Calls charged at 36p/minute cheap rate at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.
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FINANCIAL TIMES WEDNESDAY JULY 29 1992	FT MANAGED FUNDS SERVICE	Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.
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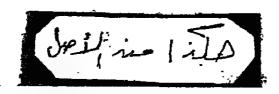
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MONEY MARKET FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

549 522 221 131 0-49 0-20 8-07 8-01

LONDON (LIFFE)

Ches: Hops 48-10 98-21 98-20 98-27

99.30 99.30 99.00 90.00 90.00

FOREIGN EXCHANGES

Dollar at post-intervention low

The see-saw dollar/D-Mark trading showed how fearful the

quarter's 2.7 per cent.

undermined by the fragile

state of the Tokyo stock mar-

ket, and a new round of allega-

tions about corruption in the

ruling party. The yen finished against the D-Mark at Y86.53

from a previous close of Y86.00.

Against the dollar, the yen was

marginally firmer, at Y127.60.

THE DOLLAR dipped to its was slightly lower at DM1.4730. lowest point against the D-Mark since last week's central bank intervention, after figures showed that US consumer confidence had fallen sharply in July, writes James

The US consumer confidence index dropped to 61.0 this month from a revised 72.6 in June, while the market had expected it to decline to 69.5. That news triggered a new wave of dollar selling, with the currency weakening to a low of DM1.4690.

With the dollar on its lows, the market was beset with rumours that the Federal Reserve was intervening in the market, buying the currency at DM1.4700. The rumour boosted the US unit by more than a pfennig within several minutes. Later, when it proved to be unfounded, the dollar slipped again to close in Europe nearly a pfennig down on the day at DM1.4740. At the end of New York trading it

E IN NEW YORK				
July 28	Previous Close			
i Sou I menth 3 months 12 months	1 9305-1 9315 1 00-1 925ms 3 23-3 20pm 11 5-11 4pm	1 9165-1.9195 1 06-1 05erq 3 20-3 17pm 11 38-11 28		
arward premiums and discounts apply to the US dollar				

	STERLING INDEX				
		Joh 28	Previous		
8.30 9.00 10.00 11.00 1.00 2.00 3.00 4.00	Pari	92 5 92 4 92 4 92 4 92 3 92 4 92 4 92 4	921 921 923 924 925 925 924 924 924		

CURRENCY	MOVE	MENTS
70178	Employed Continued Indita	Guaranty Changes %
Starting U.S Dellar U.	Erskeineren Geboor	-182 -128 -128 -139 +139 +139 -179 -179 -179
Morgan Guarat 1980-1982 - 100. Bar Artrage 1985 - 1001 **	ity change it of Englace Races are for .	s: average Index (Base July 27

CURRENCY RATES				
Jul 28	Hann is rate	Special ** Drawing Rights	European † Currency Unit,	
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OTHER	CURRENC	ES

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Argestina .	19075 - 19105	
Australia Brazil .	25915 - 25935 7825 70 - 7832 15	C61_90 - 4052.1
Greece	7 7880 - 7 8115 347 400 - 352 950	160 330 - 165 21
fram		1435 00"
Kuwait	1502.20 - 1525 +7 1 14200 - 1734.100	0 20230 + 1.2926
Laxenbeurg Malaysia	58.60 - 56 76 4 8040 - 4 8165	30 40 - 30 50 2 4995 - 2 5005
Mexico	5780 30 - 5793 95 3.5280 - 3.5330	18300 - 1832
Saidi Ar Singapore		Lal35 - 16145
S.Af (Fr)	5 3035 - 5 3160 7 5020 - 7 5460	2.7530 - 2.7550 3.8910 - 3.9140
Tancan . UAE	48 10 - 48 30 7 0400 - 7 1175	24 95 - 25 05 3 6715 - 3.673
Titoating rat	P tras Official rate	£121.35 \$63.75

MONEY MARKETS

trading, following the forecast

Jan 27		3	(Fig.	150	F F1.	
- 6	1	1,929	2.643	246 G	9 M05	i
- 5	0.518	1	1 474	1275	4 979	
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وبثا	0 455	0.897	132	114 4	4 467	
CS	0.437	0 543	1.243	107 5	4 195	
S Fr.	1705	3.289	4.847	419 4	16 38	

Cash trade	es quietly
STERLING cash rates were mostly unchanged in quiet trading following the forecast	its nearest competitor in the European exchange rate

of a small £500m shortage by the Bank of England. The overnight rate came down to 71/2 per cent after the market took out most of the £500m shortfall by funchtime. In the morning, the Bank purchased £400m of Band 1 bank bills at 9% per cent. The forecast was later revised to £550m, and the Bank bought £150m of

Band 1 bank bills, also at 9% per cent. This straightforward trading

UK clearing bank base lending rate 10 per cent from May 5, 1992

softened period rates at the short end. One-week money closed at 10 per cent, down from 10% per cent, one-month was at 10% per cent from 10% per cent, and three-month off # at 10% per cent. However, dealers saw no fundamental factors softening rates and still found plenty of reasons to be

bearish about a base rate cut. There is still the fear of a Lombard rate rise, and eyes are firmly fixed on August 6, the date of the next Bundesbank council meeting. Sterling's slide vesterday to 2.57 percentage points below

was also depressing. Yesterday's CBI quarterly survey underlined the view that economic recovery is a long way off, and only made the atmosphere gloomier. But it had little effect on the market, having been substantially discounted after its contents were leaked at the

weekend. Futures trading was more subdued, closely tracking sterling's fall on the foreign exchanges. The September short sterling contract dipped 6 basis points from its opening of 89.73, but picked up to close at 89.69. Dealers said a futures broker had bought 500 lots at 89.68 and, on a day when volume reached only about 12,000 lots, this had had a substantial effect on the market.

In the German interbank money market, dealers reported continuing tension as German call money held close to the 9.75 per cent Lombard rate. Banks quoted call money within a broad range of 9.65 to 9.75 per cent, but said most trade was at 9.70-9.75 per cent. Liquidity levels were not high, and some dealers were concerned that pension fund payments due today would drain funds from the market.

market is about intervention. Sterling firmed against the D-Mark in the morning, but Many analysts are convinced that the US currency will not test the all-time low again. Traders said they expect these

from a previous Y127.70, while in New York it improved fur-ther to close at Y127.40.

retreated in the afternoon in the wake of the dollar's weakness. A gloomy quarterly fears to fade with time. The report from the Confederation of British Industry on UK next key US indicator is tomorrow's figure for GDP growth in the second quarter. The foreindustrial trends had little effect on the pound, as its concast is for an annualised drop tents had been well leaked in to 1.7 per cent from the first the UK press over the weekend. However, the report, The yen remained weak against the D-Mark, following which said that manufacturing output would continue to fall the Bank of Japan's half-point over the next four months and reduction in the official disthat more jobs will be cut, count rate on Monday to 3.25 darkened the economic gloom per cent. Traders said the Japa-nese currency continued to be around sterling.

The pound closed unchanged at DM2.8425. But the gap between sterling and the next weakest currency in the EMS grid, the Italian lira, widened to 2.57 percentage points on a scale measuring the currencies' strengths against the ecu. The lira was unchanged against the D-Mark at L756.2.

	Ecu Cannoli Rates	Amounts Against Exe Int Int	% Change from Control Rate	% Spread vs Weakest Correscy	Divergence believe
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ntage difference between the actual regrice and Eco control rates for a currency, and the most must purmit	
chaige deviation of the currency's market rate from its Ecu control was:	
tment, calculated by Financial Times,	

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BASE LENDING RATES								
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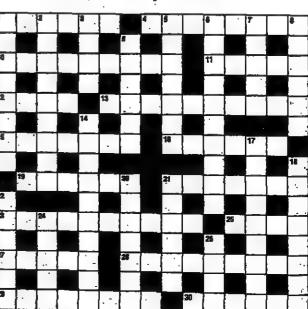
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CROSSWORD

JOTTER PAD

No.7,911 Set by CINEPHILE



ACROSS 1 Aristocratic parrot with small dose left inside (6)

4 Seriousness of life among the fat, translated (3)

10 Month after which one pair (American) is likely to drop

12 Someone who is a distant lower of the Marquis? (6)

13 Modest about honey, which is attractive (6)

14 Scene of rugby match? I knew

11 Man in the field, a party in
Hitler's Reich (5)

12 Bed? Norseans (10) 12 Bed? Nonsense! (4) 13 Solo pincer moveme centre? (10) Abuse method of transport (7)

16 Quagmire: — year for enter- 21 Cover like a gap with no top ing it (6) ing it (6)

19 Writer for money short by 22 Cut up about bird being used one pound (6)

21 A terrible strain for the 24 Type of French novel (5) worker (7)

23 Clowns, group of five born to Earl of Oxford, say (10)

25 Get wearisome cloud (4) 27 Semi-divine young flier (5) 28 Serve the FT without passion? It's risky (9)
29 Epoch-making signpost (8)
30 Ancestral knot (6)

DOWN

2 Arcane ceremony takes in second, not first (9)
3 Deposit by one who learns a poem (4)

poem (4) 5 Sort out lique form (7)

26 Tolerate a seller (4)

7 Court case associated with

entrance of Canadian city (9)

18 Fish, I agree, rising on island

(8) 20 Wash Californian city below

Solution to Puzzle No.7,910

error (5)

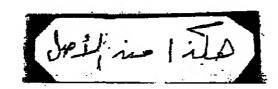
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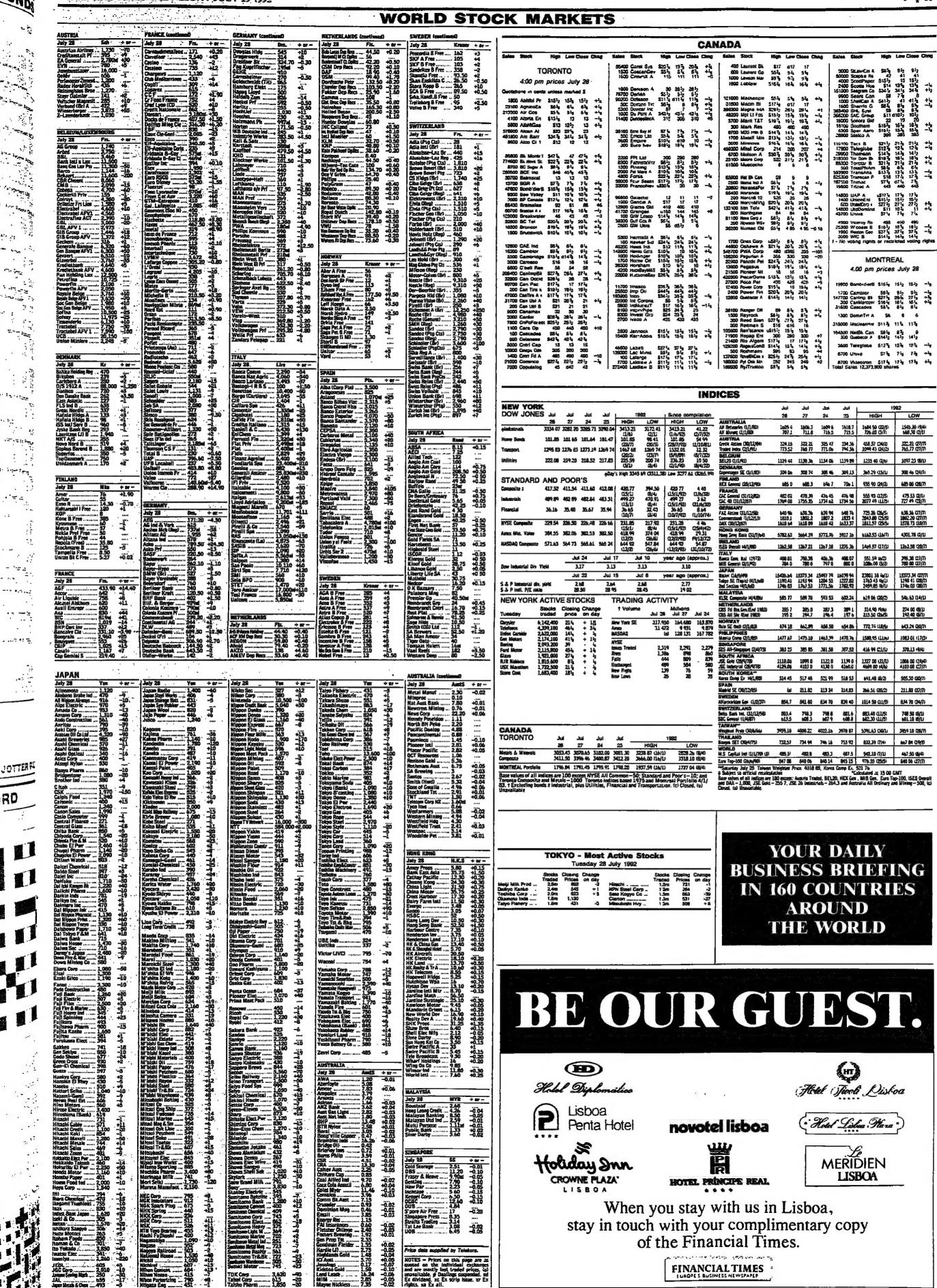
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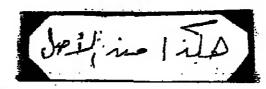
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WORLD NUCLEAR INDUSTRIES

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FT SURVEYS



NYSE COMPOSITE PRICES NASDAQ NATIONAL MARKET A COMPOSITE PRICES **NASDAQ NATIONAL MARKET** 101-: 31, Universities 361-: 301-; Universities 44. 32 Usukii Carp : 0.69 1 457-: 37 Uspiohn : 1.56 3 301-; 77-; USUCO : 1.50 2 -101-: 91-; USUCO : 1.50 2 301-: 221-; USUCO : 1.50 2 301-: 221-; USUCOTP : 1.78 6 28 221-; USUCOTP : 1.60 6 47 % 38 ½ VF Corp 33 % 22 ½ Valeo En : 11 ½ 7 % ValeroNGes 7 ½ 1% Valley Ind 16 ½ 12 % Van Corn 8 ¼ 6 % Van Kampile 17 ½ Van Kampile 11 % 10 ½ Van Kampile 11 % 10 ½ Van Kampile 11 % 10 ½ Van Kampile 443 254 552 184 114 C Tec Cases lives Cases lives Cases 445 255 550 185 755 115 **AMEX COMPOSITE PRICES** | Class | Shock | Dire | 1900 | High | Low Classe Change | Hernaldist | Continuo | Conti PY Ste Div. E 100s High Law Close Chang 0.60 20 22 12½ 12½ 12½ 12½ +½ 114 17 23 15½ 15½ 15½ 15½ 0.21 17 292 41 40½ 41 +½ 1.10 15 133 28½ 28½ 28½ +½ 0.12 21 109 10½ 10½ 10½ 0.66 14 20 10 10 10 10 +½ 1 0.10 1 23 2 1½ 2 +½ 0 25 ½ ½ 5½ +½ 0 25 ½ ½ 5½ +½ 0 25 ½ ½ 5½ +½ 0 25 ½ ½ 5½ +½ 0 25 ½ ½ 5½ +½ 0 25 ½ ½ 5½ +½ 0 25 ½ 5½ 5½ +½ 0 25 ½ 5½ 5½ +½ 0 25 ½ 5½ 5½ +½ 0 25 ½ 5½ 5½ +½ 0 25 ½ 5½ 5½ +½ 0 25 ½ 5½ 5½ +½ 0 25 ½ 5½ 5½ +½ 0 25 ½ 5½ 5½ 5½ +1 43 +10 FR Sys ICF Int ICB Com ICB Int ICB Com ICB Int ICB I 1.98 7 3 344 22 42 144 11 70 4 2 312 12 0.40 41 7 105, 0.52 43 266 27 101 284 74 26 58 259 0 0 7 4 0 8 2 21 198 5½ 25 65 306 217 1 2100 0 19 12 29 16 30 74 14 A 17 18 34 14 14 114 18 0.55 5 6 8 0.04 28 53 49 140 80 25 37 0 25 0.40 13 347 1.00 80 2 18 46 0.45112 180 7 5 100 14 78 0.25 11 102 0.26 28 301 0.18 17 30 UndFooded UndFooded UninFoode US Cellel 31₆ 31₆ 11 11 27⁵₆ 281₅ 12 11⁷₆ 41₉ 41₉ 84 34, 157 11 623 204 2 12 8 44, 55 6 36 53 15½ 15½ 1 32 4½ 64½ 1 2235 3 2½ 17 7059 5½ 5½ 2 9 188 21½ 20½ 2 15 49 12% 12½ 5 W 50 21½ 21½ 15 h 4 h 2 % 5 h 12 h 21 h 14 387 D_ 158 0.24 13 2100 9 837 10 121 33 205 0 10 Dústics A 255 18 51₂ 51₃ 141₄ Dústics A 255 27 291₄ 281₂ Dústics A 24 29 277 291₄ 281₂ Dúst Corp. 9.14 -7 20 0 d0 Pát Corp. 9.14 -7 20 0 d0 151₂ 51₂ 141₄ Pagama 6 0.10 35 410 161₂ 151₃ The FT proposes to publish this survey on October 15 1992. The Financial Times is the leading publication for reaching opinion formers in European business, finance and government-decision. - R 22 1242 10 174, 27 5265 244, 234, 15 427 124, 114, 112 11 1412 134, 113 21 121 14, 11 32 121 14, 11 32 121 14, 11 32 121 14, 11 32 121 14, 11 32 121 14, 11 32 121 14, 11 32 121 14, 11 32 121 14, 11 32 121 14, 11 32 121 14, 11 32 12 14, 11 32 14, 1 15 10 91 0.26 22 450 13 0.25 14 46 104 11 90 173 5 107 12 0.06 18 100 17 1.68 11 32 435 0.59 16 451 184 0.20 17 149 134 0.20 17 149 134 **GET YOUR FT BY HAND** 9% 12% 9½ 17% 12 7 34 18 13 Fallys 94 125 84 115 67 34 18 125 254 - D 2 8581 6½ 6½ 5½ 0.11 27 52 18 17¼ 18 013 14 3 74 69 72 0 196 2½ 1½ 1½ 2½ 5 837 5½ 4½ 5½ 5 837 5½ 4½ 5½ 15 20 15 374 6½ 6 8¼ 0.32 2 791 13½ 1½ 13½ 12 7262 193 193 19½ 19½ 12 7262 193 193 195 195 12 7262 193 193 195 195 12 7262 193 193 193 195 12 7262 193 193 193 195 12 7262 193 193 193 195 12 7262 193 193 193 195 12 7262 193 193 193 195 12 7264 14 134 134 134 12 254 14 134 134 134 12 254 14 134 134 134 12 254 14 134 134 134 14 26 7 65 65 12 24 24 25 14 25 25 If you work in the business centres of Baar, Basel, Berne, Biel, Fribourg and the coastal towns and villages of 5 11 7 174 5 1.4 10 518 10 0 068 10 30 84 5 0 30 18 308 245 10 072 28 184 318 10 072 28 184 318 10 076 16 184 284 10 076 16 184 284 10 076 16 184 284 10 10 165 74 10 16 185 74 10 185 74 18 294 134 18 241 5 Lac Leman from Geneva to Villeneuve, Lausanne, Lugano, Luzern, Neuchatel and the towns and villages DSC Cases Dahlparg Dark Grou DatesSeatch DatesSeatch DatesCope Dappingly Des Sept 1 Death Ea around Zurichsee, St Gallen, Zug, Zurich or Winterthur, we'll deliver your daily copy of the FT to your office at no extra cost. Call Peter Lancaster for details on Geneva (022) 7311604. 14 164 324 514 71₂ 84 824 13 Perrier battle ends with something for everyone

Dow rises on Chrysler results and lower yields

Wall Street

IN SPITE OF more bad economic news, US equities posted their second best performance of the year yesterday in the wake of a sharp decline in long-term bond yields and strong second quarter earnings from Chrysler. writes Patrick Harverson in New York.

The Dow Jones Industrial Average finished 51.87 up at 3,334.07, the best one-day gain since January 14 and the second largest of the year. The Standard & Poor's 500 advanced 5.96 to 417.50, while the American SE composite put on 2.49 to 334.55 and the Nasdag composite appreciated New York SE was fairly heavy at 219m shares, while rises outpaced declines by more than

Stability on foreign markets set the tone for a solid start to trading, but the buying did not mid-morning when bond yields plummeted on news of a fall in the Conference Board's latest

index of consumer confidence, Although the confidence figures were bad in economic terms, equity investors were cheered by one of the biggest one-day fails in long-term interest rates this year - a decline that should stimulate

activity in the housing market over the coming months.

Technical factors also came into play when the Dow burst above the 3,300 mark, which has been a short-term ceiling for the average recently. After that, computer program buying then kicked in, pushing prices even higher and luring back to the market those investors who have stayed on the sidelines during the recent losses. Better than expected second

Mexico's volatile stock market rose 59 or 4 per cent to 1,525.62 by 10.30 am local time yesterday as Telmex reported better than expected results, writes Damian Fraser. Telmex L shares jumped 5.2 per cent on news of a 12.7 per cent rise

quarter earnings from Chrysler

in first half operating income. Cemex B shares, down by ore than 25 per cent since the company announced its Spanish cement acquisitions earlier in the month, gained 7.34 per cent in heavy trading. Televisa reported earnings up 62 per cent in the first quarter. and it rose 6.3 per cent.

also lifted sentiment. The stock climbed \$1% to \$21% in turnover of 4.4m shares in response to net income of \$178m, a substantial turnround from the \$212m loss incurred at the same stage a year ago.

facturing issues rose sharply on the Chrysler news: General Motors moved ahead \$1% to \$41% and Ford \$1% to \$45%,

both in heavy trading. Telmex, the Mexican telephone monopoly, jumped \$3 4 to \$46% in turnover of 3.7m shares after revealing pleasing first-half results

Tenneco added \$2% at \$39% in heavy trading after the oil group announced second quar-ter net income from continuing operations of 71 cents a share, a reversal of the loss of a year

The Nasdaq market was led higher by hi-tech blue chips such as Apple, up \$1% at \$46%. Microsoft, \$1 firmer at \$74, and Borland International, \$3 ahead at \$45.

Everex Systems fell St to \$2% after warning that it would make a loss in its fiscal fourth quarter because of soft sales and weakening margins in the price-competitive personal computer industry.

TORONTO posted a modest gain in continued moderate trading. The TSE 300 index ended 15.1 firmer at 3,411.5 and advances held a slim 256-to-23" lead over falls after volume of 23.1m shares valued at

Allianz and Daimler drag Frankfurt lower

BAD news from the corporate sector dealt a blow to Frankfurt's recovery bopes, writes Our Markets Staff.

FRANKFURT weakened after the insurer Allianz reported disappointing 1991 earnings, due to its first ever underwriting losses, mainly at its US subsidiary.

Shares in Allianz lost more than DM50 in the pre-bourse, fell steadily during the session and closed down DM62 or 3 per cent, at DM1.955, just off an intraday year's low of DM1,951. ment, with the FAZ index 2.6 lower at 640.96 by midsession and the DAX index losing 7.45

to 1,610.64. Turnover rose to DM4.5bn from DM4.2bn. The market sank further into gloom following the publication of June German new car sales. Lower sales of Mercedes cars pulled Daimler down by

DM11.50 to DM689.50. The data reaffirmed Volkswagen's grip on the domestic car market although its shares followed the day's downward trend, shedding DM2.20 to 352.30. Porsche lost DM12 to

The banking sector was helped by some good first half figures from Bayerische Hypo-bank, up DM3 to DM373, as the market awaited today's results from Commerzbank, which was DM2.20 stronger at

AMSTERDAM rose as the chemical sector climbed in technical trading ahead of tomorrow's half-year results from DSM. The CBS Tendency index put on 0.5 to 115.1. DSM advanced Fl 1.70 to Fl 99.40 while Akzo performed even better, rising Fl 4.60 to

Fokker sank further, losing

MATIONAL AND REGIONAL MARKETS

New Zealand (14)..... Norway (23).

FT-SE Eurotrack 100 - Jul 28

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Fi 1.60 to Fl 25.90 as minority shareholders continued to sell the stock following Dasa's takeover of the aircraft manufacturer. There were reports it Dasa Would offer the Dutch government up to F140 per share for its 32 per cent

A report that Elsevier's newspaper publishing division was failing to meet profit targets took its shares to a year's low, down Fl 2.20 or 2 per cent to FI 103.50.

PARIS rose for a second day but trading remained thin and there was little corporate news for the market to chew on. The CAC-40 index finished 13.65 higher at 1,769.00 in turnover

of just FFr1.6bn. Among the most active tocks, Alcatel Aisthom stocks. jumped FFr11 to FFr620 while BSN continued to fall, losing FFr14 to FFr1,019. Euro Disney fell a further FFr1.55 to

Remy Cointreau, the drinks company, jumped FFr10 or 6.3 per cent to FFr168 but the rise came in low volume of 11,750

MILAN underwent a technical rebound as dealers covered their short positions but dealers said that the market ained on a downward path. The Comit index rose 1.63 to 400.01 in turnover estimated at L80bn after L77bn.

TUESDAY JULY 25 1992

** Index** Ind

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at L4,408 but rose to L4,460 on short-covering after hours.
STOCKHOLM continued to

recover but turnover remained thin at SKr161m after SKr159m as the sur progressed. The Affarsvärlden General index rose 12.9 to 854.7. Skandia rose SKr2 to SKr93.5 on hopes that a solution was in sight to the battle between Skandia and UNI Storebrand of Norway for control

of the Swedish group.

ZURICH rose in quiet trading. The SMI index improved 15.5 to 1,777.4. Banks and insurers were again the day's most active issues with UBS bearers up SFr11 at SFr698 and Winterthur bearers and registered shares adding SFr80 and SFr60 respectively to SFr2.960 and

OSLO was lifted by a recovery in Norsk Hydro, up NKr25 to NKr149, as the all-share index rose 6.22 to 386.52 in turnover worth NKr190.3m. Hafslund, due to report first half figures today, saw its A shares close NKr2 higher at NKr156.

VIENNA recovered slightly as the ATX index gained 7.75 or I per cent to 773.52 in low volume. Austrian Airlines went against the trend, losing Sch70 to Sch1,730.

ISTANBUL took profits as banks announced lower deposit rates. The 75-share index closed down 44.05 at 4,166.00.

MONDAY JULY 27 1882

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Crab-like Malaysia dispirits investors

The excitement surrounding the recent flotations has evaporated, says Kieran Cooke

alaysia's stockbro- stake in Telekom Malaysia. kers are a shade dis-pirited. The excitement of recent big privatisations has evaporated. There appears to be a shortage of liquidity in the market. Speculative investors have been heading for the more interesting money-making grounds of Hong Kong.

The KL [Kuala Lumpur] Stock Exchange is like a crab," says one broker. "Plenty of sideways movement but not much else.

The KLSE composite index closed at \$85.77 yesterday, up 5.7 per cent since the start of the year, but it has lost 3.3 per cent over a 12-month period. This performance is far from bad, especially compared with Tokyo or, closer to home, Singapore, which the KLSE has now supplanted as the biggest bourse in south-east Asia with the exception of Hong Kong. Kuala Lumpur's ascent in the region has been brought

about by the heady activity arising from the government's privatisation programme. In November 1990, the government floated a 22 per cent **ASIA PACIFIC**

In March this year, Perusahaan Otomobil, the Malaysian-Japanese joint venture automobile company - manufacturers of Malaysia's Proton car came to the market. In May, a 22 per cent slice of Tenaga Nasional, the state electricity utility, was thrown into the arms of easer investors. The privatisations have transformed the KLSE. Ten-

aga, capitalised at M\$28.8bn (\$11.5bn), is now the largest company on the exchange, accounting for more than 14 per cent of total market capi-talisation. Together, Tenaga and Telekom account for just under 30 per cent of total market weighting and are larger than the next 15 stocks Meanwhile, the influence of

commodity-associated compa-nies, once the giants of the RLSE, has declined. In 1980, plantations constituted 20 per cent of the market, compared to 7 per cent at present

The change reflects Malaysia's transformation from a primarily commodity-based to a manufacturing economy. In

Bank also Y20 to Y1,260. High-

technology blue chips were

narrowly mixed: Fujitsu firmed

Y1 to Y581 on bargain hunting.

Nippon Housing Loan, facing an increasing number of bad

loans, improved Y9 to Y174 as

rumours that the Finance Min-

istry would work out a

restructuring programme

sparked short-covering. The

issue had suffered its eighth

consecutive fall on Monday,

due to worries about its dis-

In Osaka, the OSE average

regained 155.65 to 17,576.68 in

TOKYO'S mild improvement

had little effect on most mar-

kets in the Pacific Basin.

pute with tax officials.

volume of 19m shares.

Indices rebased Pacific Basin ex. Japan FT-A World Inde KLSE Composit

> 1980, commodities accounted for more than 70 per cent of exports. By 1991, manufactured goods, mainly electronics and issociated equipment, made up

60 per cent of exports. The partial privatisation of Tenaga, Telekom and the Proton company came at an opportune time: Telekom and Tenaga have been placed on the market as the Malaysian economy has been recording 8 per cent-plus growth rates in each of the last five years.

advantage of favourable market conditions to go private. Mergers and acquisitions have produced powerful new corporate groups, some with impor-

tant political connections. While privatisations gave new life and confidence to the RISE, the index has become top heavy: the 10 largest companies on the market account for about 70 per cent of total market capitalisation.

Mr Lum Ming Jang of bro-kerage concern K & N Kenanga says: "Tenaga and, to a lesser extent, Telekom tended to soak up the funds that were available. Institutional investors both here and from overseas felt they had to have Tenaga as part of their portfolios. In many cases that has meant that holdings in other stocks

have been reduced." The KLSE is heavily dependent on foreign investors: funds from abroad made a substantial contribution to the M\$8.6bn raised on the market in 1990, M\$3.9bn in 1991 and M\$5bn in the first half of this year. But not only is the buoyancy of Hong Kong attracting foreign funds away, some

investors are concerned about continuing signs of overhearing in the Malaysian economy.

growing balance of payments deficit and high domestic interest rates have meant that many smaller investors have banked funds rather than risk the stock market. The ringgit has continued to strengthen, particularly against the US dollar, harming export competitive-

The market hopes to raise MS5bn in the second half of this year: this includes a M\$1.7bn rights issue by the partially privatised Malaysian airline MAS. While it is unlikely that the governmen would allow such a cash call to fail, smaller companies could suffer as remaining market liquidity is soaked up.

But all is not lost for the market's small fry. In recent days, more funds have been flowing into the less well-known stocks, in part due to market sentiment that the blue chips are slightly overvalued. Perhaps the crab is begin-

Firmer futures market helps Nikkei recover

cent largely on a technical

rebound, ending at the day's

highs and recouping Monday's

losses. The Hang Seng index

finished 118.24 ahead at 5,782.63

after selling around midday

had temporarily pared strong

early gains. Turnover fell to

Buying centred on blue chips

but with some interest in sec-

ond line industrial stocks.

Hung Kai Properties HK\$1.35

to HK\$31.25. Playmates Inter-

HK\$3.45 and Wong's Interna-

SEOUL rose briefly in the

tional 7.50 cents to HK\$2.15.

trusts, but retreated to close

loan to three ailing inves

HK\$2.61bn from HK\$3.43bn.

zono in Tokyo. The 225-issue average closed

day's decline to another sixyear low, but covering of short positions in the futures market prompted support in the afternoon, taking the Nikkei to the day's high of 15,510.54.

and the overall market remained weak. Declines still 283, with 143 issues unch: tion stocks ended 3.53 easier at 1.190.41, and in London the ISE/Nikkei 50 index shed 1.54

Traders said the improvement in the Nikkei was techni cal, and institutional investors cited the risk of a further fall in share prices as their reason Mr Chris Newton at James Capel commented: "Investors feel that the [discount rate] cut was too little, too late. Mr Shiomichi Kawamoto at Nikko Research Institute said institutional investors would have to see a substantial rise in share prices before deciding to partic-ipate. He added that since Japanese individuals tended to place funds in bank savings

Dealers traded in speculative theme stocks. Meiji Milk Products, the most active issue of the day, dipped Y2 to Y893 and Taiyo Fishery lost Y3 to Y431.

where Hong Kong was an iso-lated bright feature. ing. Industrial Bank of Japan HONG KONG jumped 2.1 per gained Y20 to Y1,620 and Fuii

Tokyo

HEAVY buying in the futures market helped the Nikkei average register its first gain in three days, urites Emiko Tera-

53.30 better at 15,426.64. The index fell to 15,200.82 in the early morning, following Mon-

Volume shrank, however, from 227m shares to 170m as investors failed to participate led rises at the close by 667 to The Topix index of all first sec-

during an economic downturn, the rate cut had added to worries about a delay in an economic rebound.

SOUTH AFRICA

A firmer gold price and fore-casts that support for next week's ANC's mass action campaign will fall short of expectations lifted Johannesburg in the afternoon. Golds rose 11 to 1,110 and the overall

lower for a third consecutive session. The index lost a net 3.03 to 514.45 in turnover of

Won129.9bn (Won121.14bn). KARACHI recorded further losses after an announcement by opposition parties of a series of anti-government demonstrations, beginning tomorrow, added to the political uncertainty, writes Farhan Bokhari in Islamabad.

The KSE-100 index weakened 23.99 to 1.360.95. SINGAPORE rallied from Hong Kong Land advanced 40 intraday lows on selective bargain hunting but still closed down on the day. The Straits cents to HK\$13.70 and Sun Times Industrial index was national put on 20 cents to finally off 9.81 at 1,412.53. TAIWAN extended early

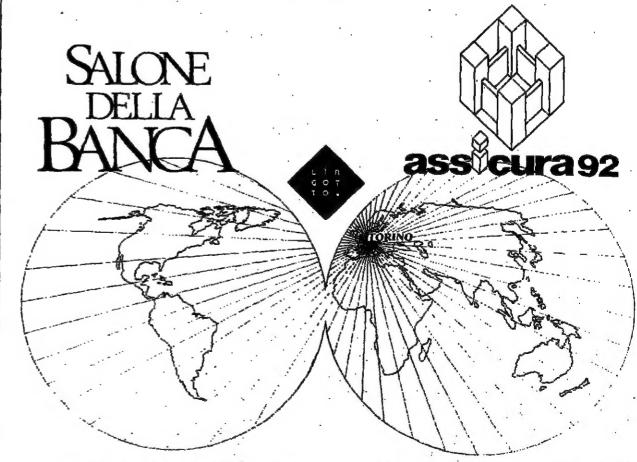
losses and the weighted index finished at an 18-month low. The index fell 49.12 to 3,959.10 morning on speculation that the central bank would grant a in moderate turnover of T\$32.1bn, against T\$23.94bn. The heavily weighted financial sector declined 1.4 per cent on reports that the government had set a low offer price of T\$40 for its planned sales of shares in Chiao Tung Bank and Farmers Bank later this

AUSTRALIA was only marginally easier after trading dominated by Pasminco, as CRA and North Broken Peko's after-hours' sale on Monday was passed on to other buyers. The All Ordinaries index

closed 0.9 down at 1.605.4. NEW ZEALAND'S NZSE-40 capital index fell 1.2 per cent, mainly as a result of sharp falls in Telecom, Fletcher Chailenge and Carter Holt Harvey. The index slid 19.08 to 1,531.42 in volume of just NZ\$16m. BANGKOK's SET index

slipped 2.37 to 732.57 in moderate turnover of Bt5.24bn. Thai Airways receded Bt2 to Bt53.50 on institutional selling

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